



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO

BUTLER COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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City Council
City of Hamilton
345 High Street
Hamilton, OH 45011

We have reviewed the *Independent Auditor's Report* of the City of Hamilton, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

August 09, 2022

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CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Assistance Listing Number</u>	<u>Passed through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	n/a	14.218	\$ 609,557	\$ 1,114,250
Community Development Block Grants/Entitlement Grants Revolving Loan	n/a	14.218		50,600
COVID-19 - Community Development Block Grants/Entitlement Grants	n/a	14.218	<u>192,271</u>	<u>279,977</u>
Total CDBG - Entitlement Grants Cluster			<u>801,828</u>	<u>1,444,827</u>
HOME Investment Partnerships Program	n/a	14.239	<u>141,984</u>	<u>158,942</u>
Total U.S. Department of Housing and Urban Development			<u>943,812</u>	<u>1,603,769</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	n/a	16.034		<u>59,610</u>
Bulletproof Vest Partnership Program	n/a	16.607		<u>13,391</u>
Comprehensive Opioid Abuse Site-Based Program	n/a	16.838		<u>197,829</u>
Equitable Sharing Program	n/a	16.922		<u>15,046</u>
Edward Byrne Memorial Justice Assistance Grant Program (Passed through Butler County Sheriff's Department):	n/a	16.738		10,087
Edward Byrne Memorial Justice Assistance Grant Program	2020-DJ-BX-0439	16.738		<u>16,050</u>
Total U.S. Department of Justice				<u>26,137</u> <u>312,013</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Highway Safety Cluster:				
<i>(Passed through Ohio Department of Public Safety):</i>				
State and Community Highway Safety	IDEP/STEP - 2021 - 00084	20.600		13,883
State and Community Highway Safety	IDEP/STEP - 2022 - 00035	20.600		<u>4,234</u>
				<u>18,117</u>
<i>(Passed through City of Oxford):</i>				
Alcohol Impaired Driving Countermeasures Incentive Grants I	OVI-2021-00007	20.601		20,187
Alcohol Impaired Driving Countermeasures Incentive Grants I	OVI-2022-00007	20.601		<u>7,150</u>
Total Highway Safety Cluster				<u>27,337</u> <u>45,454</u>
<i>(Passed through Ohio Department of Transportation):</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	PID #103519	20.205		16,730
Highway Planning and Construction	PID #104695	20.205		<u>1,918,239</u>
Total Highway Planning & Construction Cluster				<u>1,934,969</u>
<i>(Passed through Ohio Department of Public Safety):</i>				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP/STEP - 2021 - 00084	20.608		16,799
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP/STEP - 2022 - 00035	20.608		<u>3,499</u>
Total U.S. Department of Transportation				<u>20,298</u> <u>2,000,721</u> (continued)

CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2021

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Assistance Listing Number</u>	<u>Passed through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF THE TREASURY</u>				
<i>(Passed through Ohio Department of Budget and Management):</i>				
COVID-19 - Coronavirus Relief Fund	HB481-CRF-Local	21.019		552,527
<i>(Passed through Butler County Health Department):</i>				
COVID-19 - Coronavirus Relief Fund	00910012VN0121	21.019		20,000
COVID-19 - Coronavirus Relief Fund	00910012CO0121	21.019		152,830
COVID-19 - Coronavirus Relief Fund	00910012CT0120	21.019		12,940
				<u>738,297</u>
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	n/a	21.027		<u>8,500,000</u>
Total U.S. Department of the Treasury				<u>9,238,297</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>(Passed through Butler County Health Department):</i>				
Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements	009100012PH1221	93.074		<u>1,594</u>
COVID-19 - Immunization Cooperative Agreements	00910012VE0121	93.268		<u>54,465</u>
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	00910012EO0121	93.323		35,871
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	00910012CT0121	93.323		16,869
				<u>52,740</u>
Total U.S. Department of Health and Human Services				<u>108,799</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	n/a	97.036		<u>232,757</u>
Total U.S. Department of Homeland Security				<u>232,757</u>
Total Passed Through to Subrecipients and Federal Expenditures			<u>\$ 943,812</u>	<u>\$ 13,496,356</u>

CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards - continued
Year Ended December 31, 2021

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Hamilton, Ohio (the "City") under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - PASSTHROUGH AWARDS

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Ohio ("City"), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 10, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 10, 2022

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

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

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

We have audited the City of Hamilton, Ohio's (the "City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 10, 2022, which contained unmodified opinions on those financials statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 10, 2022

CITY OF HAMILTON, OHIO
Schedule of Findings and Questioned Costs
Year Ended December 31, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
• ALN 14.218 – Community Development Block Grants/Entitlement Grants Cluster	
• ALN 21.027 – COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

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2021 ANNUAL REPORT

The Annual Comprehensive Financial Report for Hamilton, Ohio - Year Ended 12/31/21



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2021

Prepared by:
Department of Finance

David Jones
Finance Director



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BUTLER COUNTY, OHIO

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INTRODUCTORY SECTION







CITY OF HAMILTON OHIO

Department of Finance

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June 10, 2022

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

We are pleased to present this Annual Comprehensive Financial Report for Hamilton, Ohio. This report, for the year ended December 31, 2021, contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the City. The responsibility for the accuracy of all data presented and its completeness and fairness of presentation rests with the City of Hamilton's Department of Finance.

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

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

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

THE REPORTING ENTITY

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

CITY OF HAMILTON, OHIO

Letter of Transmittal For the Year Ended December 31, 2021

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

CITY OVERVIEW

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

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

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

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

RECENT ECONOMIC DEVELOPMENT

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

*Letter of Transmittal
For the Year Ended December 31, 2021*

The COVID-19 pandemic continued to affect the City in 2021 as the year began with case numbers at the highest they had ever been. However, despite its challenges, 2021 was a year of record growth and development for the City. The growth and attraction of manufacturing business continues to be a priority, with the City seeing thousands of square footage in expansions from companies such as ThyssenKrupp Bilstein, Vinylmax, and 80 Acres Farms, as well as new additions such as Saica. The City experienced growth in a variety of sectors including construction, packaging, and food. Investment along the main business corridors has continued, with numerous residential and commercial projects spanning the High-Main Street districts, including the Rossville Flats, which broke ground in November 2021.

Our Economic Development Department worked with 19 new retail and restaurant businesses that opened in Hamilton in 2021. All of these businesses enhance the quality of life in Hamilton, making it a better place for people to live, work, and shop. New small businesses that opened in 2021:

- Andiamo Artisan Bakery
- Angelic Crystal Treasures
- Barger's Bargains
- Biggby Coffee
- Billy Yanks Burgers & Bottles
- Chickn'Cone
- Hamilton's Urban Backyard (The HUB)
- Headlines Sportswear
- Healthy Hideout
- HER Realty
- Lion & Ram Studios
- Luke's Custom Cakes
- Lush Beauty Bar
- Mahon Strength & Fitness
- Modish Beauty
- Morgan Renae Bridal
- PartyDreams Hamilton
- Vision Source
- We Love It Too

*Letter of Transmittal
For the Year Ended December 31, 2021*

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

In 2021, the developer of the Marcum Apartments in Hamilton broke ground on another mixed-use development on Main Street in Hamilton. This is another significant win for the City providing much needed density in that area to visit many of Hamilton's small business community. The Spooky Nook at Champion Mill project, led by Manheim, PA-based Spooky Nook Sports LLC, is moving along in a timely fashion with construction, and is slated to open in 2022. The complex includes the construction of the largest indoor sports complex in North America, fitness center, hotel, restaurants, brewery, the second largest convention space in southwest Ohio, and other entertainment venues. 80 Acres, a vertical organic farming company, officially opened its enormous \$30 million-plus indoor farming complex in Hamilton's Enterprise Park. Hamilton is also home to the corporate headquarters of 80 Acres and Infinite Acres located in downtown Hamilton.

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

In 2020, 80 Acres Farms officially opened their \$30 million indoor farming complex in Hamilton Enterprise Park. The 64,000 square foot indoor farm can produce 300 times more food than an ordinary farm using 100% renewable energy and 97% less water, with the need for pesticides. The company is revolutionizing the way Americans grow, sell, buy, and eat food. The company's headquarters are located in Hamilton, and has facilities in Ohio, Arkansas, North Carolina, and Alabama. In 2021, Newsweek Magazine named the company no. 81 among "America's Most Loved Workplaces 2021" from its survey of over 800,000 employees.

***Letter of Transmittal
For the Year Ended December 31, 2021***

As businesses began to reopen in 2021, demand for employees in the service industry increased dramatically, and establishments have struggled to fill open positions. The Hamilton Area Chamber of Commerce has addressed this issue by creating the Hamilton Amusement and Hospitality Association (HAHA) in May 2021. The HAHA is a hiring portal for employers and prospective employees, which allows potential employees to apply for multiple jobs with a single application. There are eight participating businesses, and the portal helps facilitate the sharing of employees between establishments as needed.

In September 2021, Miami University opened the new \$10 million nursing learning and training facility, called “The Nursing Innovation Hub”, at the university’s Hamilton campus. The Innovation Hub features two state-of-the-art units with 10 hospital beds and 4 simulation center rooms, including an OB suite, a pediatric suite, a medical surgical suite, and an ICU suite. There is also an apartment so students can learn key principles relate to at-home care. These features will give students a simulated experience with multiple patients and the opportunity to build confidence and practice skills such as prioritization, delegation, safety, and real-time critical thinking that is necessary to effectively care for real patients. Miami officials from the Department of Nursing said they believe they cannot over-prepare today’s new nurses, many of whom will make up a large portion of the workforce caring for residents of Hamilton and Butler County.

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

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

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

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

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

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

CITY OF HAMILTON, OHIO

Letter of Transmittal For the Year Ended December 31, 2021

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

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

In 2021, the City once again saw record income tax collections, with the General Fund's portion topping \$24.5 million, an increase of \$1.4 million over actual collections in 2020. The City used a combination of ARPA funds and carryover fund balance to make several strategic expenditures to invest in the City's future and keep the momentum going in the growth the City has seen in recent years. The City used approximately \$4.25 million for property acquisition and development, \$1.4 million to move and renovate a historic train depot, and \$7 million to establish a reserve that will eventually be used for the development of North Hamilton Crossing. The City transferred \$2.2 million into the Economic Budget Stabilization fund in January 2021, due to the City's improving fiscal condition that was created by controlling expenditures and increased revenues through ongoing economic development. After that transfer, the balance in the City's Economic Budget Stabilization fund was \$4,200,000.

INDEPENDENT AUDIT

Included in this report is the unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2021, by Clark, Schaefer, Hackett & Co. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of an Annual Comprehensive Financial Report. This annual independent audit serves to maintain and strengthen the City's accounting and budgetary controls.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hamilton for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards.

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

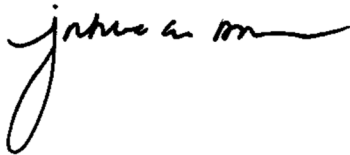
CITY OF HAMILTON, OHIO

*Letter of Transmittal
For the Year Ended December 31, 2021*

ACKNOWLEDGEMENTS

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

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



Joshua A. Smith
City Manager



David C. Jones, CPA
Director of Finance

CITY OF HAMILTON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2021***

***ELECTED
OFFICIALS***

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

OFFICE

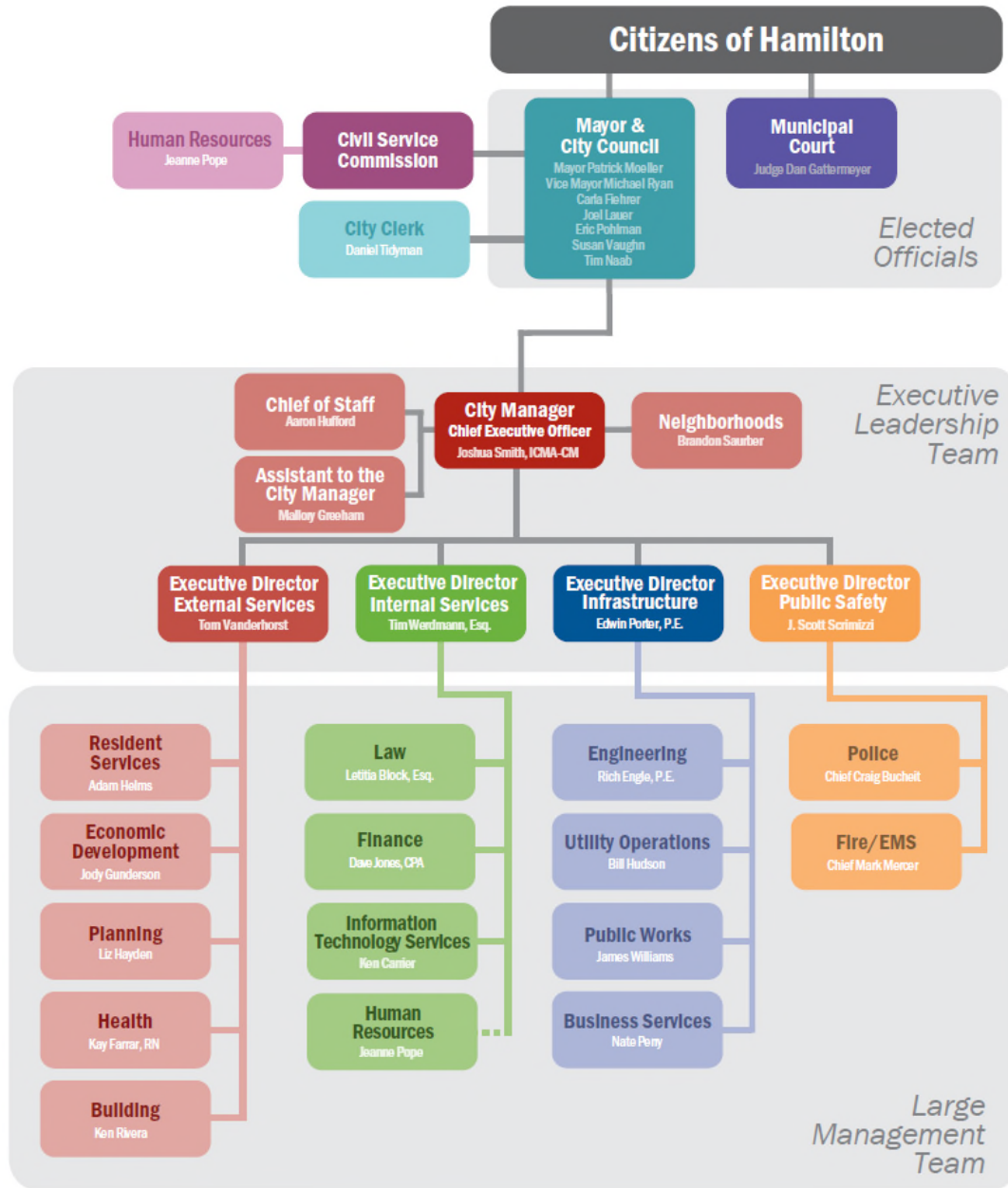
***ADMINISTRATIVE
PERSONNEL***

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

TITLE

CITY OF HAMILTON, OHIO

**City Organizational Chart
For the Year Ended December 31, 2021**



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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hamilton
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Ohio (the "City") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Ohio, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparisons for the General Fund and Health Department Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2022 on our consideration of the City of Hamilton, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Hamilton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Hamilton's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 10, 2022



***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

FINANCIAL HIGHLIGHTS

Key (***GAAP Basis***) financial highlights for 2021 are as follows:

- ❑ In total, net position increased \$47,149,404. Net position of governmental activities increased \$26,487,420, or 76%. Net position of business-type activities increased \$20,661,984, or 9%.
- ❑ General revenues accounted for \$51,132,227 in revenue or 23% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$167,128,351, or 77%, of total revenues of \$218,260,578.
- ❑ The City had \$61,195,117 in expenses related to governmental activities; \$36,207,916 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$51,474,621 were adequate to provide for these programs.
- ❑ The general fund had \$53,348,653 in revenues and \$42,346,247 in expenditures. The general fund's fund balance increased from \$25,362,198 to \$32,240,042.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF HAMILTON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

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

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

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CITY OF HAMILTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2021**

Unaudited

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial health. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$310,095,830 (\$61,442,857 in governmental activities and \$248,652,973 in business type activities) as of December 31, 2021. By far, the largest portion of the City's net position (\$293,439,337) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The table below provides a summary of the City's statement of net position for 2021 compared to 2020.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$110,006,998	\$91,504,427	\$102,476,711	\$110,170,348	\$212,483,709	\$201,674,775
Net OPEB Asset	1,239,183	0	2,272,147	0	3,511,330	0
Capital assets, Net	133,317,229	119,268,585	318,217,413	310,806,114	451,534,642	430,074,699
Total Assets	244,563,410	210,773,012	422,966,271	420,976,462	667,529,681	631,749,474
Deferred Outflows of Resources	15,461,972	16,686,497	5,014,701	8,147,329	20,476,673	24,833,826
Net Pension Liability	58,693,873	60,252,083	18,478,104	25,011,928	77,171,977	85,264,011
Net OPEB Liability	7,555,970	16,190,562	0	17,770,068	7,555,970	33,960,630
Total OPEB Liability	336,373	326,308	1,345,492	1,305,232	1,681,865	1,631,540
Other Long-term Liabilities	88,977,599	89,582,856	130,060,169	133,516,934	219,037,768	223,099,790
Other Liabilities	17,136,222	7,025,986	14,520,747	15,677,143	31,656,969	22,703,129
Total Liabilities	172,700,037	173,377,795	164,404,512	193,281,305	337,104,549	366,659,100
Deferred Inflows of Resources	25,882,488	19,126,277	14,923,487	7,851,497	40,805,975	26,977,774
Net Position						
Net Investment in Capital Assets	98,174,900	85,377,651	195,264,437	191,648,643	293,439,337	277,026,294
Restricted	20,840,792	8,747,676	11,063,967	11,147,393	31,904,759	19,895,069
Unrestricted (Deficit)	(57,572,835)	(59,169,890)	42,324,569	25,194,953	(15,248,266)	(33,974,937)
Total Net Position	\$61,442,857	\$34,955,437	\$248,652,973	\$227,990,989	\$310,095,830	\$262,946,426

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current year, this represented \$31,904,759.

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

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

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

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

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

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

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

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

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

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

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

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CITY OF HAMILTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2021**

Unaudited

Change in Net Position – The following table shows the change in net position for 2021 compared with 2020:

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services and Sales	\$18,774,072	\$18,122,750	\$130,920,435	\$125,593,508	\$149,694,507	\$143,716,258
Operating Grants and Contributions	14,461,507	9,323,536	0	85,733	14,461,507	9,409,269
Capital Grants and Contributions	2,972,337	3,106,891	0	0	2,972,337	3,106,891
Total Program Revenues	36,207,916	30,553,177	130,920,435	125,679,241	167,128,351	156,232,418
General Revenues:						
Property Taxes	9,710,941	5,918,411	0	0	9,710,941	5,918,411
Income Taxes	31,245,133	30,414,174	0	0	31,245,133	30,414,174
Other Local Taxes	3,301,292	3,163,074	0	0	3,301,292	3,163,074
Intergovernmental, Unrestricted	3,066,316	2,543,229	0	0	3,066,316	2,543,229
Investment Earnings	(142,439)	723,360	(342,394)	1,405,468	(484,833)	2,128,828
Miscellaneous	4,293,378	3,722,680	0	0	4,293,378	3,722,680
Total General Revenues	51,474,621	46,484,928	(342,394)	1,405,468	51,132,227	47,890,396
Total Revenues	87,682,537	77,038,105	130,578,041	127,084,709	218,260,578	204,122,814
Program Expenses						
General Government	6,246,010	7,266,275	0	0	6,246,010	7,266,275
Security of Persons and Property	33,588,698	35,594,939	0	0	33,588,698	35,594,939
Leisure Time Activities	2,012,859	2,232,464	0	0	2,012,859	2,232,464
Community Environment	1,818,527	9,914,098	0	0	1,818,527	9,914,098
Basic Utility Services	7,558,497	9,878,398	0	0	7,558,497	9,878,398
Transportation	6,621,360	5,554,662	0	0	6,621,360	5,554,662
Public Health and Welfare Services	712,773	2,348,847	0	0	712,773	2,348,847
Interest and Fiscal Charges	2,636,393	2,751,191	0	0	2,636,393	2,751,191
Gas Utility	0	0	17,796,790	19,067,720	17,796,790	19,067,720
Electric Utility	0	0	68,304,783	83,678,299	68,304,783	83,678,299
Water Utility	0	0	13,540,250	16,662,378	13,540,250	16,662,378
Wastewater Utility	0	0	10,274,234	13,361,201	10,274,234	13,361,201
Total Expenses	61,195,117	75,540,874	109,916,057	132,769,598	171,111,174	208,310,472
Total Change in Net Position	26,487,420	1,497,231	20,661,984	(5,684,889)	47,149,404	(4,187,658)
Beginning Net Position	34,955,437	33,458,206	227,990,989	233,675,878	262,946,426	267,134,084
Ending Net Position	\$61,442,857	\$34,955,437	\$248,652,973	\$227,990,989	\$310,095,830	\$262,946,426

CITY OF HAMILTON, OHIO

***Management’s Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

Governmental Activities

Governmental activities net position increased \$26,487,420, or 76% during 2021. An increase in operating grants can be attributed to lost revenue replacement funding received from the State and Local Fiscal Recovery Fund, as part of the American Rescue Plan Act. An increase in property taxes was due to a new 3.9 mill street improvement levy.

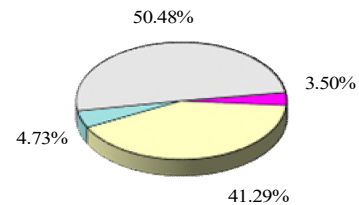
Capital grants and contributions consisted of state and federal grants for various infrastructure improvements.

The City completed several emergency storm water repairs in 2020, resulting in an increase in basic utility services in the prior year, and a subsequent decrease in 2021. An increase in public health and welfare in the prior year due to Covid-19 related expenses resulted in a subsequent decrease in the current year. In 2020 the City contributed \$8,000,000 toward the Spooky Nook hotel project costs. This resulted in a subsequent decrease in community environment expense in 2021. Also contributing to an overall decrease in expenses was a decrease in the net pension and net OPEB liabilities.

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

Income taxes and property taxes made up 36% and 11%, respectively, of revenues for governmental activities in 2021. The City’s reliance upon tax revenues is demonstrated by the following graph indicating 50% of total revenues from general tax revenues:

Revenue Sources	2021	Percent of Total
General Tax Revenues	\$44,257,366	50.48%
Intergovernmental, Unrestricted	3,066,316	3.50%
Program Revenues	36,207,916	41.29%
General Other	4,150,939	4.73%
Total Revenue	\$87,682,537	100.00%



Business-Type Activities

Net position of business-type activities increased \$20,661,984. This represents a 9% change from the prior year.

Gas, Water, and Wastewater revenues were consistent with the prior year. Electric revenues increased approximately 7%. This was due to a combination of an increase in the base electric rate, as well as increased customer usage due to weather and businesses returning to full operations following the Covid-19 shutdown.

A substantial decrease in expenses across all four utilities was a direct result of changes in the net pension and net OPEB liabilities.

CITY OF HAMILTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2021**

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$76,831,157, which is an increase from last year's balance of \$72,281,250. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2021 and 2020:

	Fund Balance December 31, 2021	Fund Balance December 31, 2020	Increase (Decrease)
General	\$32,240,042	\$25,362,198	\$6,877,844
Health Department	12,734	11,294	1,440
Hamilton Capital Improvement	26,031,292	31,711,200	(5,679,908)
Other Governmental	18,547,089	15,196,558	3,350,531
Total	\$76,831,157	\$72,281,250	\$4,549,907

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

	2021 Revenues	2020 Revenues	Increase (Decrease)
Income Taxes	\$24,240,373	\$23,587,806	\$652,567
Property and Other Local Taxes	5,863,563	5,327,832	535,731
Intergovernmental Revenues	11,868,694	2,823,980	9,044,714
Charges for Services	6,302,884	5,814,559	488,325
Licenses and Permits	1,030,580	1,381,336	(350,756)
Investment Earnings	97,195	545,723	(448,528)
Fines and Forfeitures	434,249	408,905	25,344
All Other Revenue	3,511,115	1,922,489	1,588,626
Total	\$53,348,653	\$41,812,630	\$11,536,023

General Fund revenues increased \$11,536,023, or approximately 28%, when compared with the previous year. An increase in intergovernmental revenues can be attributed to lost revenue replacement funding received from the State and Local Fiscal Recovery Fund, as part of the American Rescue Plan Act.

An increase in licenses and permits revenue in the prior year due to increases in various building permits resulted in a subsequent decrease in licenses and permits revenue in 2021. An increase in all other revenue can be attributed to refunds received from the Ohio Bureau of Worker's Compensation.

CITY OF HAMILTON, OHIO

***Management's Discussion and Analysis
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	2021 Expenditures	2020 Expenditures	Increase (Decrease)
General Government	\$9,279,170	\$5,543,593	\$3,735,577
Security of Persons and Property	29,181,065	22,424,193	6,756,872
Leisure Time Activities	1,530,193	1,240,350	289,843
Community Environment	640,430	482,106	158,324
Basic Utility Services	312,421	311,524	897
Debt Service:			
Principal Retirement	480,000	465,000	15,000
Interest and Fiscal Charges	922,968	936,220	(13,252)
Total	\$42,346,247	\$31,402,986	\$10,943,261

General Fund expenditures increased \$10,943,261, or approximately 35% from the prior year. An increase in general government can be attributed to outlays made for the purchase of the former Beckett Paper Mill property as well as grants made to the Hamilton Community Improvement Corporation. A portion of police and fire wages were paid from the Coronavirus Relief Fund in the prior year, which contributed to a subsequent increase in security of persons and property in 2021. Also contributing to an increase in security of persons and property was a decrease in reimbursements to the General Fund from several public safety funds.

Health Department Fund – The City’s Health Department Fund remained stable, increasing from a balance of \$11,294 to \$12,734. Public health expenditures of \$1,033,670 were funded by grants, charges for services, licenses and permits, and transfers in from the general fund.

Hamilton Capital Improvement Fund – The City’s Capital Improvement Fund balance decreased 18% in 2021. Expenditures included outlays for building improvements, infrastructure improvements, and various equipment purchases.

Other Governmental Funds – The City’s Other Governmental Funds reported an increase in fund balance of \$3,350,531.

An increase in intergovernmental revenues in the prior year due to Coronavirus Relief Funding resulted in a subsequent decrease in intergovernmental revenues in 2021. The decrease in intergovernmental revenues was offset by an increase in property taxes, which can be attributed to a new 3.9 mill street improvement levy.

A substantial increase in capital outlay in the prior year due to contributions made to the Hamilton Community Improvement Corporation, as well as various infrastructure improvements resulted in a subsequent decrease in capital outlay in the current year.

Coronavirus Relief Funding was used in the prior year for public safety and public health expenditures, which resulted in a decrease in security of persons and property and public health and welfare services in 2021. An increase in transportation was the result of street improvements funded by the new street levy.

CITY OF HAMILTON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

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Budgetary

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

For the General Fund, final budgeted revenues were 24% higher than original estimates due to revenue replacement funding received as part of the State and Local Fiscal Recovery Fund program. Final estimated receipts and actual budget basis receipts were not materially different. Final appropriations were 14% higher than original estimates due to outlays for the purchase of the former Beckett Paper Mill property. Final appropriations and actual budget basis expenditures were not materially different.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2021, the City had \$451,534,642 invested in land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment, net of accumulated depreciation. Of this total, \$133,317,229 was related to governmental activities and \$318,217,413 to the business-type activities. The following tables show 2021 and 2020 balances:

	Governmental Activities		Increase (Decrease)
	2021	2020	
Land	\$21,817,381	\$19,426,143	\$2,391,238
Construction In Progress	33,262,556	33,872,983	(610,427)
Buildings and Improvements	47,177,381	46,189,478	987,903
Machinery and Equipment	34,776,075	33,124,974	1,651,101
Infrastructure	187,138,058	173,430,997	13,707,061
Less: Accumulated Depreciation	(190,854,222)	(186,775,990)	(4,078,232)
Totals	\$133,317,229	\$119,268,585	\$14,048,644

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

Construction in progress decreased as a direct result of the final itemization of the South Hamilton Crossing project and the completion of phase I of the Beltline recreational trail.

Buildings and improvements increased due to HVAC upgrades to One Renaissance Center and the Criminal Justice building.

Machinery and equipment increased due to the purchase of several police cars and vehicles for the fire department including an ambulance. Stormwater purchased several pieces of equipment including a sewer cleaning machine. Refuse purchased several dump trucks as well as a garbage truck and track loader.

Infrastructure increased due to the final itemization of the South Hamilton Crossing project which included new roadway and a bridge. Phase I of the Beltline recreation trail was also completed and included 2494 feet of paved trail and a pedestrian bridge.

CITY OF HAMILTON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2021**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2021	2020	
Land	\$9,485,792	\$7,908,794	\$1,576,998
Construction in Progress	52,571,081	42,092,475	10,478,606
Intangible Capital Assets	1,070,786	1,070,786	0
Buildings and Improvements	132,416,364	132,416,364	0
Machinery and Equipment	689,095,763	678,769,515	10,326,248
Less: Accumulated Depreciation	(566,422,373)	(551,451,820)	(14,970,553)
Totals	\$318,217,413	\$310,806,114	\$7,411,299

Land increased due to property purchased by the Electric Fund.

The increase in construction in progress was due to the continued construction of a new substation, streetlight upgrades near the Spooky Nook sports complex and FERC relicensing efforts at the Greenup Hydro facility. There was also a large water main replacement project and two major sanitary sewer replacement projects underway.

Machinery and equipment increased due to the completion of two downstream gate projects at the Greenup Hydro facility and several sanitary main replacement and lining projects. The final itemization of the South Hamilton Crossing project contributed to the increase as well as the purchase of several utility vehicles including a bucket truck. Additional information on the City's capital assets can be found in Note 9.

Debt and Other Long-Term Obligations

The following table summarizes the City's debt and other long-term obligations outstanding as of December 31, 2021 and 2020:

	2021	2020
Governmental Activities:		
General Obligation Bonds	\$14,760,281	\$15,472,141
Special Obligation Non-Tax Revenue Bonds	31,900,000	31,900,000
Income Tax Revenue Bonds	8,740,092	9,508,411
Special Assessment Bonds	30,000	110,000
OWDA Loans	5,394,586	4,039,070
Capital Leases	23,390,000	23,870,000
Compensated Absences	4,762,640	4,683,234
Total Governmental Activities	88,977,599	89,582,856
Business-Type Activities:		
Mortgage Revenue Bonds	112,360,738	117,719,875
General Obligation Bonds	495,000	515,000
OWDA Loans	2,123,373	2,099,414
OPWC Loans	12,123,933	10,092,208
Compensated Absences	2,957,125	3,090,437
Total Business-Type Activities	130,060,169	133,516,934
Totals	\$219,037,768	\$223,099,790

Under state law, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2021, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The City's Budget and Financial Policies Resolution R2012-6-25 requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of budgeted expenditures. Per this resolution, if the General Fund reserve rises above 16% of General Fund revenues at the fiscal year-end, the amount over 16% will be swept into an Economic Budget Stabilization Fund, which can be expended only through special action by City Council. The 2021 unencumbered General Fund cash was \$8,293,254 (non-GAAP), or 14.03% of 2021 qualifying General Fund revenues.

In 2021, the City received over \$16.7 million in American Rescue and Recovery Plan Act (ARPA) funds and was able to reimburse public safety salaries totaling \$8.5 million in 2021. The City was also fortunate that income tax receipts were up 6.22%, or \$1,853,176 (all funds) over 2020. Along with the ARPA funding, the City received a refund from the Ohio Bureau of Workers Compensation (OBWC) in January of \$2.9 million. Of this amount, \$2.2 million was placed in the City's Economic Budget Stabilization Fund and the City made a strategic decision not to transfer money from the General Fund to this fund. After that transfer, the balance in the City's Economic Budget Stabilization fund was \$4,200,000.

The GFOA recommends governments adopt rigorous policies for all operating funds in order to achieve and maintain a structurally balanced budget. The policy should include parameters for achieving and maintaining structural balance where recurring revenues are equal to or greater than recurring expenditures in the adopted budget. City Council Resolution 2012-6-25 sets forth these policies. The 2022 General Fund Adopted Budget is structurally balanced and the first quarter of 2022 has started out strong.

In 2021, the developer of the Marcum Apartments in Hamilton broke ground on another mixed-use development on Main Street in Hamilton. This is another significant win for the City providing much needed density in that area to visit many of Hamilton's small business community. The Spooky Nook at Champion Mill project, led by Manheim, PA-based Spooky Nook Sports LLC, is moving along in a timely fashion with construction, and is slated to open in 2022. The complex includes the construction of the largest indoor sports complex in North America, fitness center, hotel, restaurants, brewery, the second largest convention space in southwest Ohio, and other entertainment venues. 80 Acres, a vertical organic farming company, officially opened its enormous \$30 million-plus indoor farming complex in Hamilton's Enterprise Park. Hamilton is also home to the corporate headquarters of 80 Acres and Infinite Acres located in downtown Hamilton.

CITY OF HAMILTON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2021***

Unaudited

Requests for Information

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



CITY OF HAMILTON, OHIO

Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
				Hamilton Community Authority
Assets:				
Equity in Pooled Cash and Investments	\$ 49,307,627	\$ 73,608,228	\$ 122,915,855	\$ 0
Cash and Investments	0	0	0	22,596,932
Receivables:				
Taxes	18,307,063	0	18,307,063	0
Accounts	1,450,254	14,736,353	16,186,607	0
Due From Other Governments	3,435,377	0	3,435,377	0
Interest	15,942	88,017	103,959	188,552
Special Assessments	481,358	0	481,358	0
Loans	26,854,090	0	26,854,090	0
Leases	0	0	0	23,390,000
Due from Primary Government	0	0	0	34,754,516
Inventory of Supplies at Cost	183,056	2,257,921	2,440,977	0
Prepaid Items	264,347	722,225	986,572	0
Restricted Assets:				
Cash and Investments	7,000,000	11,063,967	18,063,967	0
Cash with Fiscal Agent	2,707,884	0	2,707,884	0
Net OPEB Asset	1,239,183	2,272,147	3,511,330	0
Non-Depreciable Capital Assets	55,079,937	62,056,873	117,136,810	0
Depreciable Capital Assets, Net	78,237,292	256,160,540	334,397,832	0
Total Assets	244,563,410	422,966,271	667,529,681	80,930,000
Deferred Outflows of Resources:				
Deferred Charge on Debt Refunding	128,617	1,128,586	1,257,203	0
Pension	9,512,088	2,503,035	12,015,123	0
OPEB	5,821,267	1,383,080	7,204,347	0
Total Deferred Outflows of Resources	15,461,972	5,014,701	20,476,673	0
Liabilities:				
Accounts Payable	2,808,598	9,215,022	12,023,620	4,371,075
Accrued Wages and Benefits	1,432,774	916,783	2,349,557	0
Intergovernmental Payable	719,618	344,992	1,064,610	0
Payroll Withholding Payable	543,226	0	543,226	0
Claims Payable	1,039,382	0	1,039,382	0
Accrued Liabilities	414,089	1,037	415,126	0
Customer Deposits	3,360	3,016,251	3,019,611	0
Due to Hamilton Community Authority	1,057,870	0	1,057,870	0
Unearned Revenue	8,295,100	0	8,295,100	0
Accrued Interest Payable	822,205	1,026,662	1,848,867	572,696
Long-Term Liabilities:				
Due Within One Year	4,316,881	6,938,676	11,255,557	500,000
Due in More Than One Year:				
Net Pension Liability	58,693,873	18,478,104	77,171,977	0
Net OPEB Liability	7,555,970	0	7,555,970	0
Total OPEB Liability	336,373	1,345,492	1,681,865	0
Other Amounts Due in More Than One Year	84,660,718	123,121,493	207,782,211	101,196,911
Total Liabilities	172,700,037	164,404,512	337,104,549	106,640,682

CITY OF HAMILTON, OHIO

Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit Hamilton Community Authority
Deferred Inflows of Resources:				
Property Tax Levy for Next Fiscal Year	9,616,651	0	9,616,651	0
Pension	9,436,882	7,975,173	17,412,055	0
OPEB	6,828,955	6,948,314	13,777,269	0
Total Deferred Inflows of Resources	25,882,488	14,923,487	40,805,975	0
Net Position:				
Net Investment in Capital Assets	98,174,900	195,264,437	293,439,337	0
Restricted For:				
Debt Service	0	2,063,967	2,063,967	0
Community Environment	349,326	0	349,326	0
General Government	717,524	0	717,524	0
Public Health and Welfare Services	12,734	0	12,734	0
Security of Persons and Property	7,913,579	0	7,913,579	0
Streets	4,772,629	0	4,772,629	0
Nonexpendable Endowments	75,000	0	75,000	0
Champions Mill Inter-creditor Agreement	7,000,000	0	7,000,000	0
Rate Stabilization	0	9,000,000	9,000,000	0
Unrestricted (Deficit)	(57,572,835)	42,324,569	(15,248,266)	(25,710,682)
Total Net Position	\$ 61,442,857	\$ 248,652,973	\$ 310,095,830	\$ (25,710,682)

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities
For the Year Ended December 31, 2021

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 6,246,010	\$ 5,410,568	\$ 0	\$ 0
Security of Persons and Property	33,588,698	2,934,308	347,839	0
Leisure Time Activities	2,012,859	17,529	0	0
Community Environment	1,818,527	822,130	1,438,170	0
Basic Utility Services	7,558,497	8,121,292	0	0
Transportation	6,621,360	1,222,650	3,431,755	2,972,337
Public Health and Welfare Services	712,773	245,595	9,243,743	0
Interest and Fiscal Charges	2,636,393	0	0	0
Total Governmental Activities	<u>61,195,117</u>	<u>18,774,072</u>	<u>14,461,507</u>	<u>2,972,337</u>
Business-Type Activities:				
Gas Utility	17,796,790	18,111,405	0	0
Electric Utility	68,304,783	85,535,709	0	0
Water Utility	13,540,250	14,301,554	0	0
Wastewater Utility	10,274,234	12,971,767	0	0
Total Business-Type Activities	<u>109,916,057</u>	<u>130,920,435</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>\$ 171,111,174</u>	<u>\$ 149,694,507</u>	<u>\$ 14,461,507</u>	<u>\$ 2,972,337</u>
Component Unit:				
Hamilton Community Authority	<u>\$ 28,253,691</u>	<u>\$ 920,068</u>	<u>\$ 1,057,870</u>	<u>\$ 0</u>

General Revenues

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Purposes

Income Tax

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities
For the Year Ended December 31, 2021

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total Primary Government	Hamilton Community Authority
\$ (835,442)	\$ 0	\$ (835,442)	
(30,306,551)	0	(30,306,551)	
(1,995,330)	0	(1,995,330)	
441,773	0	441,773	
562,795	0	562,795	
1,005,382	0	1,005,382	
8,776,565	0	8,776,565	
(2,636,393)	0	(2,636,393)	
<u>(24,987,201)</u>	<u>0</u>	<u>(24,987,201)</u>	
0	314,615	314,615	
0	17,230,926	17,230,926	
0	761,304	761,304	
0	2,697,533	2,697,533	
<u>0</u>	<u>21,004,378</u>	<u>21,004,378</u>	
<u>\$ (24,987,201)</u>	<u>\$ 21,004,378</u>	<u>\$ (3,982,823)</u>	
			<u>\$ (26,275,753)</u>
2,516,413	0	2,516,413	0
5,997,805	0	5,997,805	0
1,196,723	0	1,196,723	0
31,245,133	0	31,245,133	0
3,301,292	0	3,301,292	0
3,066,316	0	3,066,316	0
(142,439)	(342,394)	(484,833)	21,903
4,293,378	0	4,293,378	0
<u>51,474,621</u>	<u>(342,394)</u>	<u>51,132,227</u>	<u>21,903</u>
26,487,420	20,661,984	47,149,404	(26,253,850)
34,955,437	227,990,989	262,946,426	543,168
<u>\$ 61,442,857</u>	<u>\$ 248,652,973</u>	<u>\$ 310,095,830</u>	<u>\$ (25,710,682)</u>

CITY OF HAMILTON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2021**

	General	Health Department	Hamilton Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$ 20,509,228	\$ 12,734	\$ 4,545,314	\$ 24,224,482	\$ 49,291,758
Receivables:					
Taxes	7,849,457	0	623,713	9,833,893	18,307,063
Accounts	331,521	0	0	1,118,733	1,450,254
Intergovernmental	1,200,708	0	0	2,234,669	3,435,377
Interest	14,351	0	0	1,591	15,942
Special Assessments	0	0	0	481,358	481,358
Loans	1,640,000	0	21,653,412	3,560,678	26,854,090
Interfund Receivable	2,081,486	0	0	0	2,081,486
Inventory of Supplies, at Cost	58,867	0	0	70,532	129,399
Prepaid Items	221,944	0	0	42,403	264,347
Restricted Assets:					
Cash and Cash Equivalents	7,000,000	0	0	0	7,000,000
Cash and Cash Equivalents with Fiscal Agent	2,707,884	0	0	0	2,707,884
Total Assets	\$ 43,615,446	\$ 12,734	\$ 26,822,439	\$ 41,568,339	\$ 112,018,958
Liabilities:					
Accounts Payable	\$ 1,129,595	\$ 0	\$ 414,622	\$ 1,053,409	\$ 2,597,626
Accrued Wages and Benefits Payable	1,267,951	0	0	130,550	1,398,501
Intergovernmental Payable	624,612	0	0	81,246	705,858
Payroll Withholding Payable	543,226	0	0	0	543,226
Claims Payable	1,039,382	0	0	0	1,039,382
Accrued Liabilities	320,919	0	41,409	51,761	414,089
Customer Deposits	0	0	0	3,360	3,360
Interfund Payable	0	0	0	1,929,566	1,929,566
Due to Hamilton Community Authority	0	0	0	1,057,870	1,057,870
Unearned Revenue	0	0	0	8,295,100	8,295,100
Total Liabilities	4,925,685	0	456,031	12,602,862	17,984,578
Deferred Inflows of Resources:					
Unavailable Amounts	3,816,175	0	335,116	3,435,281	7,586,572
Property Tax Levy for Next Fiscal Year	2,633,544	0	0	6,983,107	9,616,651
Total Deferred Inflows of Resources	6,449,719	0	335,116	10,418,388	17,203,223
Fund Balance:					
Nonspendable	325,705	0	0	187,935	513,640
Restricted	7,000,000	12,734	26,031,292	11,530,952	44,574,978
Committed	0	0	0	1,976,869	1,976,869
Assigned	6,354,659	0	0	6,177,139	12,531,798
Unassigned	18,559,678	0	0	(1,325,806)	17,233,872
Total Fund Balance	32,240,042	12,734	26,031,292	18,547,089	76,831,157
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 43,615,446	\$ 12,734	\$ 26,822,439	\$ 41,568,339	\$ 112,018,958

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2021***

Total Governmental Fund Balances		\$ 76,831,157
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		133,142,247
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		7,586,572
The net pension and OPEB liabilities are not due and payable in the current period, and the net OPEB asset is not an expendable financial resource; therefore, the liabilities/asset and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	9,408,551	
Deferred Inflows - Pension	(9,106,996)	
Net Pension Liability	(57,929,541)	
Deferred Outflows - OPEB	5,772,047	
Deferred Inflows - OPEB	(6,541,791)	
Net OPEB Liability	(7,555,970)	
Net OPEB Asset	1,145,198	
Total OPEB Liability	(336,373)	(65,144,875)
Internal service funds are used by management to charge back costs of services to individual funds. The assets, liabilities, and deferred outflows/inflows of the Fleet Maintenance Fund are included in governmental activities in the statement of net position.		(1,410,599)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(14,480,000)	
Special Obligation Non-Tax Revenue Bonds Payable	(31,900,000)	
Special Assessment Bonds Payable	(30,000)	
Bond Premium	(280,281)	
Income Tax Revenue Bonds	(8,740,092)	
Ohio Water Development Authority Loans	(5,394,586)	
Deferred Loss on Refunding	128,617	
Capital Leases Payable	(23,390,000)	
Compensated Absences Payable	(4,653,098)	
Accrued Interest Payable	(822,205)	(89,561,645)
 <i>Net Position of Governmental Activities</i>		 \$ 61,442,857

See accompanying notes to the basic financial statements



CITY OF HAMILTON, OHIO

**Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2021**

	General	Health Department	Hamilton Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Income Taxes	\$ 24,240,373	\$ 0	\$ 3,115,429	\$ 3,894,281	\$ 31,250,083
Property and Other Local Taxes	5,863,563	0	0	7,061,835	12,925,398
Intergovernmental Revenues	11,868,694	243,191	559,426	7,681,122	20,352,433
Charges for Services	6,302,884	229,315	0	8,746,301	15,278,500
Licenses and Permits	1,030,580	153,156	0	715,255	1,898,991
Investment Earnings	97,195	(35)	(130,452)	(109,147)	(142,439)
Special Assessments	0	0	0	750,651	750,651
Fines and Forfeitures	434,249	0	0	332,105	766,354
All Other Revenue	3,511,115	1,475	40,619	740,169	4,293,378
Total Revenues	53,348,653	627,102	3,585,022	29,812,572	87,373,349
Expenditures:					
Current:					
General Government	9,279,170	0	0	435,138	9,714,308
Security of Persons and Property	29,181,065	0	0	4,241,335	33,422,400
Leisure Time Activities	1,530,193	0	0	238,740	1,768,933
Community Environment	640,430	0	0	1,696,002	2,336,432
Basic Utility Services	312,421	0	0	9,930,361	10,242,782
Transportation	0	0	0	4,814,747	4,814,747
Public Health and Welfare Services	0	1,033,670	0	0	1,033,670
Capital Outlay	0	0	10,409,937	6,023,858	16,433,795
Debt Service:					
Principal Retirement	480,000	0	1,000,000	1,597,208	3,077,208
Interest and Fiscal Charges	922,968	0	0	1,609,576	2,532,544
Total Expenditures	42,346,247	1,033,670	11,409,937	30,586,965	85,376,819
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,002,406	(406,568)	(7,824,915)	(774,393)	1,996,530
Other Financing Sources (Uses):					
Sale of Capital Assets	1,978	0	53,380	61,482	116,840
OWDA Loans Issued	0	0	0	1,419,405	1,419,405
Bond Issuance	0	0	1,000,000	0	1,000,000
Transfers In	0	408,008	2,792,200	4,629,505	7,829,713
Transfers Out	(4,120,207)	0	(1,700,573)	(2,008,933)	(7,829,713)
Total Other Financing Sources (Uses)	(4,118,229)	408,008	2,145,007	4,101,459	2,536,245
Net Change in Fund Balance	6,884,177	1,440	(5,679,908)	3,327,066	4,532,775
Fund Balance at Beginning of Year	25,362,198	11,294	31,711,200	15,196,558	72,281,250
Increase (Decrease) in Inventory	(6,333)	0	0	23,465	17,132
Fund Balance End of Year	\$ 32,240,042	\$ 12,734	\$ 26,031,292	\$ 18,547,089	\$ 76,831,157

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Reconciliation of the Statement Of Revenues, Expenditures
And Changes In Fund Balances of Governmental Funds
To The Statement of Activities
For The Year Ended December 31, 2021***

Net Change in Fund Balances - Total Governmental Funds \$ 4,532,775

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

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

Capital Outlay	18,305,238	
Depreciation Expense	(4,372,978)	13,932,260

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. This is the loss on disposal of capital assets, net of proceeds. (25,587)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 309,188

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

Pension	5,100,870	
OPEB	90,735	5,191,605

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

Pension	(4,217,254)	
OPEB	5,785,000	1,567,746

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

General Obligation Bonds Issued	(1,000,000)	
Ohio Water Development Authority Loan Issuance	(1,419,405)	(2,419,405)

(Continued)

CITY OF HAMILTON, OHIO

***Reconciliation of the Statement Of Revenues, Expenditures
And Changes In Fund Balances of Governmental Funds
To The Statement of Activities
For The Year Ended December 31, 2021***

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

General Obligation Bond Principal Payment	1,685,000	
Special Assessment Bond Principal Payment	80,000	
Income Tax Revenue Bond Principal Payment	768,319	
OWDA Loan Principal Payment	63,889	
Capital Lease Principal Payment	480,000	
Change in Deferred Loss on Refunding	(32,155)	
Change in Bond Premium/Discount	26,860	3,071,913

(Continued)

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

(98,554)

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

Compensated Absences	(65,185)	
Change in Inventory	17,132	(48,053)

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

473,532

Change in Net Position of Governmental Activities

\$ 26,487,420

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 21,120,000	\$ 23,152,716	\$ 24,123,099	\$ 970,383
Property and Other Local Taxes	5,425,000	5,425,000	5,873,142	448,142
Intergovernmental Revenues	2,452,400	11,504,643	12,014,795	510,152
Charges for Services	15,550,568	15,550,568	14,127,415	(1,423,153)
Licenses and Permits	1,182,570	1,182,570	1,183,736	1,166
Investment Earnings	177,500	177,500	283,921	106,421
Fines and Forfeitures	397,016	397,016	429,403	32,387
All Other Revenue	296,220	327,529	659,272	331,743
Total Revenues	<u>46,601,274</u>	<u>57,717,542</u>	<u>58,694,783</u>	<u>977,241</u>
Expenditures:				
Current:				
Security of Persons and Property	33,651,400	33,595,362	32,933,676	661,686
Public Health and Welfare Services	1,099,166	1,471,686	1,050,985	420,701
Community Environment	1,197,888	1,146,167	1,016,966	129,201
Basic Utility Services	1,462,107	1,453,433	1,395,372	58,061
General Government	10,813,081	17,270,358	16,404,279	866,079
Total Expenditures	<u>48,223,642</u>	<u>54,937,006</u>	<u>52,801,278</u>	<u>2,135,728</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,622,368)	2,780,536	5,893,505	3,112,969
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	1,978	1,978
Transfers Out	(920,000)	(10,712,200)	(10,712,199)	1
Total Other Financing Sources (Uses):	<u>(920,000)</u>	<u>(10,712,200)</u>	<u>(10,710,221)</u>	<u>1,979</u>
Net Change in Fund Balance	(2,542,368)	(7,931,664)	(4,816,716)	3,114,948
Fund Balance at Beginning of Year	12,156,980	12,156,980	12,156,980	0
Prior Year Encumbrances	952,990	952,990	952,990	0
Fund Balance at End of Year	<u>\$ 10,567,602</u>	<u>\$ 5,178,306</u>	<u>\$ 8,293,254</u>	<u>\$ 3,114,948</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Health Department Fund
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 70	\$ 70	\$ 69	\$ (1)
All Other Revenue	1,425	1,425	1,475	50
Total Revenues	1,495	1,495	1,544	49
Expenditures:				
Current:				
Public Health and Welfare Services	500	500	0	500
Total Expenditures	500	500	0	500
Net Change in Fund Balance	995	995	1,544	549
Fund Balance at Beginning of Year	11,217	11,217	11,217	0
Fund Balance at End of Year	\$ 12,212	\$ 12,212	\$ 12,761	\$ 549

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 4,612,764	\$ 46,763,349	\$ 8,708,380
Restricted Cash and Investments	2,000,000	4,688,911	1,513,275
Receivables:			
Accounts	2,935,456	8,522,657	1,603,008
Interest	5,499	56,012	10,400
Inventory of Supplies at Cost	175,937	1,786,730	292,703
Prepaid Items	110,730	458,902	102,648
Total Current Assets	9,840,386	62,276,561	12,230,414
Noncurrent Assets:			
Net OPEB Asset	221,982	1,070,596	338,857
Non Depreciable Capital Assets	4,009,425	34,025,335	13,230,224
Depreciable Capital Assets, Net	28,311,192	92,481,966	85,921,329
Total Noncurrent Assets	32,542,599	127,577,897	99,490,410
Total Assets	42,382,985	189,854,458	111,720,824
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	178,565	286,572	463,568
Pension	244,538	1,179,386	373,288
OPEB	164,541	608,960	225,747
Total Deferred Outflows of Resources	587,644	2,074,918	1,062,603
Liabilities:			
Current Liabilities:			
Accounts Payable	1,285,362	5,567,622	1,131,489
Accrued Wages and Benefits	93,905	435,846	144,059
Intergovernmental Payable	34,796	166,035	52,775
Accrued Liabilities - Current	0	1,037	0
Customer Deposits Payable	710,012	1,759,519	263,244
Interfund Payable	0	0	0
Compensated Absences Payable - Current	190,933	680,173	288,186
Accrued Interest Payable	30,146	375,743	245,018
General Obligation Bonds Payable - Current	0	0	0
Revenue Bonds Payable - Current	635,000	1,285,000	945,000
OWDA Loans Payable - Current	0	0	43,235
OPWC Loans Payable - Current	0	0	178,696
Total Current Liabilities	2,980,154	10,270,975	3,291,702

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Wastewater	Total	Governmental Activities - Internal Service Funds
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 13,435,352	\$ 73,519,845	\$ 104,252
Restricted Cash and Investments	2,861,781	11,063,967	0
Receivables:			
Accounts	1,675,232	14,736,353	0
Interest	16,106	88,017	0
Inventory of Supplies at Cost	2,551	2,257,921	53,657
Prepaid Items	49,945	722,225	0
Total Current Assets	<u>18,040,967</u>	<u>102,388,328</u>	<u>157,909</u>
Noncurrent Assets:			
Net OPEB Asset	239,880	1,871,315	494,817
Non Depreciable Capital Assets	10,791,889	62,056,873	0
Depreciable Capital Assets, Net	49,446,053	256,160,540	174,982
Total Noncurrent Assets	<u>60,477,822</u>	<u>320,088,728</u>	<u>669,799</u>
Total Assets	<u>78,518,789</u>	<u>422,477,056</u>	<u>827,708</u>
Deferred Outflows of Resources:			
Deferred Charge on Debt Refunding	199,881	1,128,586	0
Pension	264,256	2,061,468	545,104
OPEB	173,914	1,173,162	259,138
Total Deferred Outflows of Resources	<u>638,051</u>	<u>4,363,216</u>	<u>804,242</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	867,832	8,852,305	573,689
Accrued Wages and Benefits	98,397	772,207	178,849
Intergovernmental Payable	35,861	289,467	69,285
Accrued Liabilities - Current	0	1,037	0
Customer Deposits Payable	283,476	3,016,251	0
Interfund Payable	0	0	151,920
Compensated Absences Payable - Current	219,030	1,378,322	321,950
Accrued Interest Payable	375,755	1,026,662	0
General Obligation Bonds Payable - Current	25,000	25,000	0
Revenue Bonds Payable - Current	2,000,000	4,865,000	0
OWDA Loans Payable - Current	55,281	98,516	0
OPWC Loans Payable - Current	121,451	300,147	0
Total Current Liabilities	<u>4,082,083</u>	<u>20,624,914</u>	<u>1,295,693</u>

(Continued)

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Noncurrent Liabilities:			
General Obligation Bonds Payable	0	0	0
Revenue Bonds Payable	4,520,000	38,663,599	28,230,218
OWDA Loans Payable	0	0	722,257
OPWC Loans Payable	0	0	7,000,302
Compensated Absences Payable	120,988	580,682	265,443
Net Pension Liability	1,805,251	8,706,562	2,755,716
Total OPEB Liability	336,373	336,373	336,373
Total Noncurrent Liabilities	6,782,612	48,287,216	39,310,309
Total Liabilities	9,762,766	58,558,191	42,602,011
Deferred Inflows of Resources:			
Pension	779,147	3,757,768	1,189,369
OPEB	679,739	3,272,604	1,036,834
Total Deferred Inflows of Resources	1,458,886	7,030,372	2,226,203
Net Position:			
Net Investment in Capital Assets	28,150,721	90,324,670	61,703,005
Restricted for Debt Service	0	688,911	513,275
Restricted for Rate Stabilization	2,000,000	4,000,000	1,000,000
Unrestricted	1,598,256	31,327,232	4,738,933
Total Net Position	\$ 31,748,977	\$ 126,340,813	\$ 67,955,213

CITY OF HAMILTON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Wastewater	Total	Governmental Activities - Internal Service Funds
Noncurrent Liabilities:			
General Obligation Bonds Payable	470,000	470,000	0
Revenue Bonds Payable	36,081,921	107,495,738	0
OWDA Loans Payable	1,302,600	2,024,857	0
OPWC Loans Payable	4,823,484	11,823,786	0
Compensated Absences Payable	194,910	1,162,023	204,372
Net Pension Liability	1,950,809	15,218,338	4,024,098
Total OPEB Liability	336,373	1,345,492	0
Total Noncurrent Liabilities	45,160,097	139,540,234	4,228,470
Total Liabilities	49,242,180	160,165,148	5,524,163
Deferred Inflows of Resources:			
Pension	841,970	6,568,254	1,736,805
OPEB	734,425	5,723,602	1,511,876
Total Deferred Inflows of Resources	1,576,395	12,291,856	3,248,681
Net Position:			
Net Investment in Capital Assets	15,086,041	195,264,437	174,982
Restricted for Debt Service	861,781	2,063,967	0
Restricted for Rate Stabilization	2,000,000	9,000,000	0
Unrestricted	10,390,443	48,054,864	(7,315,876)
Total Net Position	\$ 28,338,265	\$ 254,383,268	\$ (7,140,894)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.		(5,730,295)	
Net Position of Business-type Activities		\$ 248,652,973	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Business-Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
Operating Revenues:			
Charges for Services	\$ 18,089,225	\$ 85,342,432	\$ 14,160,438
Other Operating Revenues	22,180	193,277	141,116
Total Operating Revenues	<u>18,111,405</u>	<u>85,535,709</u>	<u>14,301,554</u>
Operating Expenses:			
Personal Services	1,173,005	1,482,319	1,654,358
Contractual Services	1,351,870	7,296,423	3,260,537
Materials and Supplies	218,358	765,562	1,458,093
Purchase of Gas and Electric	9,024,664	49,132,047	0
Depreciation	2,164,619	7,055,527	3,390,293
Other Operating Expenses	3,682,661	3,910,750	2,704,795
Total Operating Expenses	<u>17,615,177</u>	<u>69,642,628</u>	<u>12,468,076</u>
Operating Income	496,228	15,893,081	1,833,478
Non-Operating Revenue (Expenses):			
Interest Income	(23,373)	(198,681)	(49,693)
Interest and Fiscal Charges	(180,524)	(1,368,347)	(1,048,026)
Loss on Disposal of Capital Assets	(1,089)	(217,290)	(24,148)
Total Non-Operating Revenues (Expenses)	<u>(204,986)</u>	<u>(1,784,318)</u>	<u>(1,121,867)</u>
Change in Net Position	291,242	14,108,763	711,611
Net Position Beginning of Year	31,457,735	112,232,050	67,243,602
Net Position End of Year	<u>\$ 31,748,977</u>	<u>\$ 126,340,813</u>	<u>\$ 67,955,213</u>

CITY OF HAMILTON, OHIO

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

	Wastewater	Total	Governmental Activities - Internal Service Funds
Operating Revenues:			
Charges for Services	\$ 12,940,484	\$ 130,532,579	\$ 11,293,513
Other Operating Revenues	31,283	387,856	31,967
Total Operating Revenues	12,971,767	130,920,435	11,325,480
Operating Expenses:			
Personal Services	1,050,498	5,360,180	2,277,840
Contractual Services	2,405,109	14,313,939	3,817,102
Materials and Supplies	262,142	2,704,155	1,580,041
Purchase of Gas and Electric	0	58,156,711	0
Depreciation	2,768,631	15,379,070	12,705
Other Operating Expenses	2,544,870	12,843,076	240,545
Total Operating Expenses	9,031,250	108,757,131	7,928,233
Operating Income	3,940,517	22,163,304	3,397,247
Non-Operating Revenue (Expenses):			
Interest Income	(70,647)	(342,394)	(233)
Interest and Fiscal Charges	(1,239,131)	(3,836,028)	0
Loss on Disposal of Capital Assets	(3,853)	(246,380)	0
Total Non-Operating Revenues (Expenses)	(1,313,631)	(4,424,802)	(233)
Change in Net Position	2,626,886	17,738,502	3,397,014
Net Position Beginning of Year	25,711,379	236,644,766	(10,537,908)
Net Position End of Year	\$ 28,338,265	\$ 254,383,268	\$ (7,140,894)
Change in Net Position - Total Enterprise Funds		\$ 17,738,502	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.		2,923,482	
Change in Net Position - Business-type Activities		\$ 20,661,984	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021***

	Business Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$18,492,504	\$85,616,804	\$14,205,203
Cash Payments for Goods and Services	(14,647,061)	(59,577,240)	(7,469,226)
Cash Payments to Employees	(2,578,623)	(11,459,620)	(3,924,800)
Net Cash Provided by Operating Activities	<u>1,266,820</u>	<u>14,579,944</u>	<u>2,811,177</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,455,493	0
Kilowatt Hour Tax Paid to State	0	(2,455,493)	0
Advances In from Other Funds	0	0	0
Advances Out to Other Funds	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
General Obligation Bond Principal Retirement	0	0	0
Revenue Bond Principal Retirement	(620,000)	(1,240,000)	(915,000)
OWDA Loan Proceeds	0	0	0
OPWC Loan Proceeds	0	0	701,178
OWDA Loan Principal Retirement	0	0	(42,665)
OPWC Loan Principal Retirement	0	0	(153,041)
Interest and Fiscal Charges	(153,981)	(1,530,050)	(1,151,227)
Acquisition and Construction of Assets	(1,310,135)	(13,020,654)	(3,800,556)
Net Cash Used by Capital and Related Financing Activities	<u>(2,084,116)</u>	<u>(15,790,704)</u>	<u>(5,361,311)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	44,941	272,299	58,803
Change in the Fair Value of Investments	(64,463)	(461,449)	(103,526)
Net Cash Used by Investing Activities	<u>(19,522)</u>	<u>(189,150)</u>	<u>(44,723)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(836,818)	(1,399,910)	(2,594,857)
Cash and Cash Equivalents at Beginning of Year	<u>7,449,582</u>	<u>52,852,170</u>	<u>12,816,512</u>
Cash and Cash Equivalents at End of Year	<u>\$6,612,764</u>	<u>\$51,452,260</u>	<u>\$10,221,655</u>
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$4,612,764	\$46,763,349	\$8,708,380
Restricted Cash and Cash Equivalents	2,000,000	4,688,911	1,513,275
Cash and Cash Equivalents at End of Year	<u>\$6,612,764</u>	<u>\$51,452,260</u>	<u>\$10,221,655</u>

CITY OF HAMILTON, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021***

	<u>Wastewater</u>	<u>Totals</u>	<u>Governmental- Activities Internal Service Funds</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$12,890,950	\$131,205,461	\$11,325,480
Cash Payments for Goods and Services	(5,294,424)	(86,987,951)	(5,650,455)
Cash Payments to Employees	(2,799,347)	(20,762,390)	(5,579,952)
Net Cash Provided by Operating Activities	4,797,179	23,455,120	95,073
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,455,493	0
Kilowatt Hour Tax Paid to State	0	(2,455,493)	0
Advances In from Other Funds	0	0	151,920
Advances Out to Other Funds	0	0	(52,320)
Net Cash Provided by Noncapital Financing Activities	0	0	99,600
<u>Cash Flows from Capital and Related Financing Activities:</u>			
General Obligation Bond Principal Retirement	(20,000)	(20,000)	0
Revenue Bond Principal Retirement	(1,935,000)	(4,710,000)	0
OWDA Loan Proceeds	120,657	120,657	0
OPWC Loan Proceeds	1,605,038	2,306,216	0
OWDA Loan Principal Retirement	(54,033)	(96,698)	0
OPWC Loan Principal Retirement	(121,450)	(274,491)	0
Interest and Fiscal Charges	(1,572,429)	(4,407,687)	0
Acquisition and Construction of Assets	(5,594,622)	(23,725,967)	(155,424)
Net Cash Used by Capital and Related Financing Activities	(7,571,839)	(30,807,970)	(155,424)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	92,931	468,974	0
Change in the Fair Value of Investments	(156,725)	(786,163)	(233)
Net Cash Used by Investing Activities	(63,794)	(317,189)	(233)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,838,454)	(7,670,039)	39,016
Cash and Cash Equivalents at Beginning of Year	19,135,587	92,253,851	65,236
Cash and Cash Equivalents at End of Year	\$16,297,133	\$84,583,812	\$104,252
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$13,435,352	\$73,519,845	\$104,252
Restricted Cash and Cash Equivalents	2,861,781	11,063,967	0
Cash and Cash Equivalents at End of Year	\$16,297,133	\$84,583,812	\$104,252

(Continued)

CITY OF HAMILTON, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021***

	Business Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$496,228	\$15,893,081	\$1,833,478
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	2,164,619	7,055,527	3,390,293
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	381,099	81,014	(96,351)
Increase in Inventory	(9,255)	(126,478)	(35,546)
(Increase) Decrease in Prepaid Items	(16,763)	(70,300)	(15,252)
Increase in Net OPEB Asset	(221,982)	(1,070,596)	(338,857)
Decrease in Deferred Outflows of Resources	268,440	1,464,639	426,967
Increase (Decrease) in Accounts Payable	(299,247)	(207,195)	16,870
Increase in Accrued Wages and Benefits	30,724	112,439	40,477
Decrease in Customer Deposits Payable	(43,128)	(54,160)	(10,792)
Increase in Accrued Liabilities	0	81	0
Increase in Intergovernmental Payable	3,688	15,453	3,247
Decrease in Compensated Absences	(13,699)	(46,702)	(12,222)
Decrease in Net Pension Liability	(538,988)	(3,256,393)	(890,577)
Decrease in Net OPEB Liability	(1,665,496)	(8,499,247)	(2,590,557)
Increase in Total OPEB Liability	10,065	10,065	10,065
Increase in Deferred Inflows of Resources	720,515	3,278,716	1,079,934
Total Adjustments	770,592	(1,313,137)	977,699
Net Cash Provided by Operating Activities	\$1,266,820	\$14,579,944	\$2,811,177

Schedule of Noncash Investing, Capital, and Financing Activities:

At December 31, 2021 the Gas, Electric, Water, and Wastewater Funds had outstanding liabilities of \$245,008, \$1,015,710, \$792,408, and \$748,032, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2021***

	Wastewater	Totals	Governmental- Activities Internal Service Funds
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$3,940,517	\$22,163,304	\$3,397,247
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	2,768,631	15,379,070	12,705
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	(80,817)	284,945	0
Increase in Inventory	(1,303)	(172,582)	(34,154)
(Increase) Decrease in Prepaid Items	18,502	(83,813)	0
Increase in Net OPEB Asset	(239,880)	(1,871,315)	(494,817)
Decrease in Deferred Outflows of Resources	321,467	2,481,513	617,405
Increase (Decrease) in Accounts Payable	(87,441)	(577,013)	19,531
Increase in Accrued Wages and Benefits	25,252	208,892	51,988
Decrease in Customer Deposits Payable	(11,696)	(119,776)	0
Increase in Accrued Liabilities	0	81	0
Increase in Intergovernmental Payable	871	23,259	9,551
Decrease in Compensated Absences	(23,347)	(95,970)	(23,121)
Decrease in Net Pension Liability	(701,147)	(5,387,105)	(1,279,973)
Decrease in Net OPEB Liability	(1,884,120)	(14,639,420)	(3,768,351)
Increase in Total OPEB Liability	10,065	40,260	0
Increase in Deferred Inflows of Resources	741,625	5,820,790	1,587,062
Total Adjustments	856,662	1,291,816	(3,302,174)
Net Cash Provided by Operating Activities	\$4,797,179	\$23,455,120	\$95,073

CITY OF HAMILTON, OHIO

***Statement of Net Position
Fiduciary Funds
December 31, 2021***

	<u>Custodial Funds</u>
Assets:	
Equity in Pooled Cash and Investments	\$ 444,059
Receivables:	
Special Assessments	<u>33,696,646</u>
Total Assets	<u>34,140,705</u>
Liabilities:	
Intergovernmental Payable	166,002
Due to Others	2,461
Due to Hamilton Community Authority	<u>33,696,646</u>
Total Liabilities	<u>33,865,109</u>
Net Position:	
Restricted For:	
Individuals and Other Governments	<u>275,596</u>
Total Net Position	<u>\$ 275,596</u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

***Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2021***

	<u>Custodial Funds</u>
Additions:	
Fines and Forfeiture Collections for Other Governments	\$ 1,913,452
Contributions Received for Others	9,668
Income Tax Collections for Other Governments	792,448
Receipt of Seized Property Held for Others	63,688
Total Additions	<u>2,779,256</u>
Deductions:	
Distribution of Fines and Forfeitures to Other Governments	1,913,452
Distribution of Contributions Received for Others	9,668
Distribution of Income Taxes to Other Governments	792,448
Distribution of Seized Property Held for Others	56,691
Total Deductions	<u>2,772,259</u>
Change in Net Position	6,997
Net Position at Beginning of Year	268,599
Net Position End of Year	<u>\$ 275,596</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented as of December 31, 2021 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

By law, the Authority is governed by a seven-member board of trustees. At inception, the City Council of the City of Hamilton, Ohio appointed four of the trustees and the remaining three trustees were appointed by the Developer. The Authority is included as a component unit of the City due to the fact that the City appoints a voting majority of the Authority board, and the City can impose its will on the Authority by influencing the projects and activities of the Authority. Complete financial statements can be obtained from the City of Hamilton Department of Finance. See note 20.

The City participates in four governmental joint ventures: three Hamilton-Indian Springs Joint Economic Development Districts (JEDD), the Ohio Municipal Electric Generation Agency (OMEGA) JV2, and the Meldahl Hydroelectric Project. The City also participates in the following jointly governed organizations: American Municipal Power (AMP) Inc., the Transportation Improvement District (TID) of Butler County, the Butler County Emergency Management Agency (EMA), the Hamilton Community Improvement Corporation (CIC), the Hamilton Economic Development Corporation (HEDC), and the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). These organizations are presented in Note 17 and Note 18 to the basic financial statements and are excluded from the accompanying financial statements except as noted.

As a custodian of public funds, the City invests all public monies held on deposit in the City Treasury. In the case of the Hamilton-Indian Springs Joint Economic Development Districts (the "JEDD"), a legally separate district, the City serves as fiscal agent but the organization is not considered a part of the City. The JEDD has a five-member board of trustees for which the City appoints one member and for which the City is not financially accountable. The JEDD was formed under the auspices of Ohio Revised Code Charter 715 to facilitate commercial and economic development within a specific territory completely located within the boundaries of then Indian Springs, now Fairfield Township. The JEDD has levied an income tax equal to the income tax rate charged within the City of Hamilton (2%) on all compensation earned by employees working in the JEDD. Income tax collections net of collection expenses and refunds are first applied to District operating expenses in accordance with the District's Budget, then to any long-term maintenance set aside, with any surplus to be paid to Hamilton and Fairfield Township according to contractual percentages. The JEDD is a joint venture of the City, which is more fully explained in Note 17 to the basic financial statements. Accordingly, the activity of the JEDD is presented as a custodial fund (fiduciary) within the City's financial statements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

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

Governmental Funds

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

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

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

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

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

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

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

Fiduciary Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds (Continued)

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

C. Basis of Presentation – Financial Statements

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

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

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

Special assessment installments including related accrued interest, which are measurable but not available at December 31, 2021, are recorded as deferred inflows of resources. Property taxes, which are measurable at December 31, 2021 but are not intended to finance 2021 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

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

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2021.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrance

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Net Change in Fund Balance	
	General Fund	Health Department Fund
GAAP Basis (as reported)	\$6,884,177	\$1,440
Increase (Decrease):		
Accrued Revenues at December 31, 2021 received during 2022	(8,679,849)	27
Accrued Revenues at December 31, 2020 received during 2021	9,124,841	77
Accrued Expenditures at December 31, 2021 paid during 2022	4,925,685	0
Accrued Expenditures at December 31, 2020 paid during 2021	(4,075,056)	0
Change in Interfund Balances	(841,586)	0
2020 Prepays for 2021	172,309	0
2021 Prepays for 2022	(221,944)	0
Outstanding Encumbrances	(2,906,693)	0
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(9,198,600)	0
Budget Basis	(\$4,816,716)	\$1,544

F. Cash and Cash Equivalents

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

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

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

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

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

M. Net Position

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

N. Pension/OPEB

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

O. Interfund Activity

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances

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

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

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

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

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

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

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

In 2012, City Council enacted Budget and Financial Policies (R2012-6-25), which requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of annual expenditures. If the General Fund reserve rises above 16% of General Fund revenue at fiscal year end, the amount over 16% will be swept into the Economic Development Capital Projects Fund and/or the Economic Budget Stabilization Fund, which can be expended only through special action by City Council. At December 31, 2021, the balance in the Economic Budget Stabilization Fund was \$4,200,000 and is reported in unassigned fund balance.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Restricted Assets

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

R. Operating Revenues and Expenses

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

S. Estimates

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

T. Deferred Outflows/Inflows of Resources

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources (Continued)

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

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CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Health Department Fund	Hamilton Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies Inventory	\$58,867	\$0	\$0	\$70,532	\$129,399
Prepaid Items	221,944	0	0	42,403	264,347
Unclaimed Funds	44,894	0	0	0	44,894
Permanent Fund Corpus	0	0	0	75,000	75,000
Total Nonspendable	325,705	0	0	187,935	513,640
Restricted:					
Public Safety	0	0	0	3,192,217	3,192,217
Public Health	0	12,734	0	0	12,734
County Court Computer Improvements	0	0	0	418,786	418,786
Dispute Resolution	0	0	0	43,133	43,133
Law Enforcement	0	0	0	3,534,829	3,534,829
Street Maintenance	0	0	0	3,387,617	3,387,617
Community Development	0	0	0	295,155	295,155
Fire Insurance Deposits	0	0	0	213,840	213,840
Capital Improvements	0	0	26,031,292	445,375	26,476,667
Champions Mill Intercreditor Agreement	7,000,000	0	0	0	7,000,000
Total Restricted	7,000,000	12,734	26,031,292	11,530,952	44,574,978
Committed:					
Stormwater Operations	0	0	0	601,503	601,503
Refuse Operations	0	0	0	1,358,027	1,358,027
Parking Operations	0	0	0	17,333	17,333
Golf Course Operations	0	0	0	6	6
Total Committed	0	0	0	1,976,869	1,976,869
Assigned:					
Debt Retirement	0	0	0	916,302	916,302
Capital Improvements	0	0	0	5,260,837	5,260,837
Services and Supplies	1,919,645	0	0	0	1,919,645
Worker's Compensation	4,435,014	0	0	0	4,435,014
Total Assigned	6,354,659	0	0	6,177,139	12,531,798
Unassigned (Deficits):	18,559,678	0	0	(1,325,806)	17,233,872
Total Fund Balances	\$32,240,042	\$12,734	\$26,031,292	\$18,547,089	\$76,831,157

Champions Mill Inter-creditor Agreement – The City has restricted \$7,000,000 of non-tax revenues pursuant to an inter-creditor agreement with Central Bank and Trust (the “Bank”) and Champions Mill Land LLC (the “Developer”). A financing commitment from the Bank to the Developer for the Spooky Nook Project is conditional upon the City establishing the reserve fund. The City is required to maintain these reserves for 60 months.

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities – The following funds had deficit fund balance/net position amounts at December 31, 2021:

<u>Fund</u>	<u>Fund Balance/ Net Position Deficit</u>
<i>Nonmajor Governmental Funds</i>	
Special Revenue Funds:	
State and Local Fiscal Recovery Fund (SLFRF)	\$17,517
Capital Projects Funds:	
Special Assessment Fund	1,308,289
<i>Internal Service Funds</i>	
Fleet Maintenance	1,410,599
Central Services	5,730,295

The deficit occurring in the State and Local Fiscal Recovery Fund is due to the mark to market of investments. The deficit occurring in the Special Assessment Fund is due to interfund payables reported in the fund. As cash is received and the payables liquidated, the deficits will be eliminated.

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

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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

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

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

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

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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

A. Deposits

Custodial Credit Risk

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

As of December 31, 2021, \$40,677,273 of the City's bank balance of \$41,933,438 was exposed to custodial credit risk since it was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2021 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
Money Market Mutual Fund ³	\$2,160,838	AA ¹	NA	2.18%	\$2,160,838	\$0	\$0
Marketable CDs	12,606,651	AAA ⁴	Level 2	12.75%	3,487,627	8,372,797	746,227
Commercial Paper	7,405,944	A-1 ¹	Level 2	7.49%	7,405,944	0	0
STAR Ohio ³	15,481,669	AAAm ¹	NA	15.65%	15,481,669	0	0
Municipal Bonds	1,060,786	Aa2 ²	Level 2	1.07%	714,506	346,280	0
FNMA	4,177,205	AA ¹	Level 2	4.22%	0	1,984,095	2,193,110
FFCB	11,929,582	AA ¹	Level 2	12.06%	857,982	5,514,650	5,556,950
FAMC	2,995,530	AA ¹	Level 2	3.03%	0	2,995,530	0
FHLB	12,077,280	AA ¹	Level 2	12.21%	998,860	2,062,283	9,016,137
FHLMC	10,823,875	AA ¹	Level 2	10.94%	0	5,958,700	4,865,175
US Treasury Notes	18,181,794	N/A	Level 1	18.40%	756,038	8,900,797	8,524,959
Total Investments	<u>\$98,901,154</u>			<u>100.00%</u>	<u>\$31,863,464</u>	<u>\$36,135,132</u>	<u>\$30,902,558</u>

¹ Standard & Poor's

² Moody's

³ Reported at amortized cost

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

Custodial Credit Risk

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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

B. Investments (Continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

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

C. Benninghofen Trust

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2021 were levied after October 1, 2020 on assessed values as of January 1, 2020, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed for tax year 2017. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

The full tax rate for the City's operations for the year ended December 31, 2021 was \$10.71 per \$1,000 of assessed value. The assessed value upon which the 2021 receipts were based was \$935,440,290. This amount constitutes \$928,920,100 in real property assessed value and \$6,520,190 in public utility assessed value.

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

Real Estate Tax Abatement

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

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

Below is the amount of taxes abated for the Enterprise Zone Program for the year ending December 31, 2021.

Tax Abatement Program	Total Amount of Taxes Abated For the year 2021
<i>Enterprise Zone</i>	
3DSL Properties, LLC	\$55,946
80 Acres Urban Agriculture, LLC	3,753
Ansari Properties	2,683
Bethesda Hospital and Duke Realty	200,755
Concord Hamiltonian Riverfront	44,582
Interstate Warehousing	62,549
Livingston Tyler Products	4,373
M.A. Folkes Company	47,029
Matandy Steel & Metal Products	16,501
Synergy Flavors OH	25,184
Thyssenkrupp Bilstein	41,670
United Performance Metals	6,936
Vinylmax, LLC	59,911
YAC Robot Systems	1,698
	\$573,570

B. Income Tax

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

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

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 5 - TAXES (Continued)

B. Income Tax (Continued)

Income Tax Abatement

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

For the year ending December 31, 2021, no income taxes were abated by the City.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2021 consisted of taxes, accounts receivable, accrued interest, special assessments, loans receivable, interfund receivables, and intergovernmental (due from other governments) receivables arising from shared revenues. These receivables result from both exchange and non-exchange transactions.

Business-type receivables at December 31, 2021, are presented net of allowances for doubtful accounts. To better detail the accounts receivable balances in the Business-type Funds, the following schedule identifies and reconciles these amounts as of December 31, 2021 as follows:

Accounts Receivable					Total
As of December 31, 2021	Gas	Electric	Water	Wastewater	Business-Type Activities
Earned and unbilled consumer accounts	\$1,941,674	\$5,030,865	\$1,040,042	\$832,218	\$8,844,799
Earned and billed consumer accounts	1,611,447	5,530,434	902,256	1,393,482	9,437,619
Less allowance for uncollectible accounts	(624,150)	(2,383,810)	(385,370)	(559,883)	(3,953,213)
Other	6,485	345,168	46,080	9,415	407,148
Accounts Receivable	<u>2,935,456</u>	<u>8,522,657</u>	<u>1,603,008</u>	<u>1,675,232</u>	<u>14,736,353</u>
Accrued Interest Receivable	5,499	56,012	10,400	16,106	88,017
Total Receivables	<u>\$2,940,955</u>	<u>\$8,578,669</u>	<u>\$1,613,408</u>	<u>\$1,691,338</u>	<u>\$14,824,370</u>

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2021:

Fund	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$0	\$4,120,207
Health Department Fund	408,008	0
Hamilton Capital Improvement Fund	2,792,200	1,700,573
Other Governmental Funds	4,629,505	2,008,933
Totals	<u>\$7,829,713</u>	<u>\$7,829,713</u>

The City makes transfers between various funds during the year for operating and debt service related payments. The individual governmental funds transfer their portion of the debt service payment during the year into the Debt Service Fund for payment of obligations and some transfers are made from the General Fund at year-end to eliminate deficit balances. In 2021 the General Fund, Street Maintenance Fund, and Municipal Improvement Tax Increment Equivalent Fund transferred \$794,999, \$871,476, and \$539,738, respectively, to the Infrastructure Program Fund for various infrastructure improvement projects. In addition, the Hamilton Capital Improvement Fund transferred \$1,446,542 to the Debt Service Fund for debt retirement.

NOTE 8 – INTERFUND TRANSACTIONS

The composition of inter-fund balances as of December 31, 2021, is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$2,081,486	\$0
Other Governmental Funds	0	1,929,566
Fleet Maintenance Fund	0	151,920
	<u>\$2,081,486</u>	<u>\$2,081,486</u>

\$1,929,566 and \$151,920 of the interfund activity relates to cash advances the General Fund made to the Special Assessment Fund, and Fleet Maintenance Fund, respectively. The advances are expected to be returned within the next fiscal year.

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CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2021:

Historical Cost:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets not being depreciated:				
Land	\$19,426,143	\$2,391,238	\$0	\$21,817,381
Construction in Progress	33,872,983	13,708,263	(14,318,690)	33,262,556
Sub-Total	53,299,126	16,099,501	(14,318,690)	55,079,937
Capital assets being depreciated:				
Buildings and Improvements	46,189,478	987,903	0	47,177,381
Machinery and Equipment	33,124,974	1,984,139	(333,038)	34,776,075
Infrastructure	173,430,997	13,707,061	0	187,138,058
Total Cost	<u>\$306,044,575</u>	<u>\$32,778,604</u>	<u>(\$14,651,728)</u>	<u>\$324,171,451</u>

Accumulated Depreciation:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Buildings and Improvements	(\$22,711,857)	(\$902,239)	\$0	(\$23,614,096)
Machinery and Equipment	(24,814,272)	(1,377,037)	307,451	(25,883,858)
Infrastructure	(139,249,861)	(2,106,407)	0	(141,356,268)
Total Depreciation	<u>(\$186,775,990)</u>	<u>(\$4,385,683) *</u>	<u>\$307,451</u>	<u>(\$190,854,222)</u>
Net Value:	<u>\$119,268,585</u>			<u>\$133,317,229</u>

*Depreciation was charged to governmental functions as follows:

General Government	\$606,180
Security of Persons and Property	694,113
Leisure Time Activities	304,114
Community Environment	9,628
Transportation	2,761,726
Public Health and Welfare Services	9,922
Total Depreciation Expense	<u>\$4,385,683</u>

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category at December 31, 2021:

Historical Cost:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Capital assets not being depreciated:				
Land	\$7,908,794	\$1,576,998	\$0	\$9,485,792
Construction in Progress	42,092,475	16,217,750	(5,739,144)	52,571,081
Sub-Total	<u>50,001,269</u>	<u>17,794,748</u>	<u>(5,739,144)</u>	<u>62,056,873</u>
Capital assets being depreciated:				
Intangible Capital Assets	1,070,786	0	0	1,070,786
Buildings and Improvements	132,416,364	0	0	132,416,364
Machinery and Equipment	678,769,515	10,981,145	(654,897)	689,095,763
Total Cost	<u>\$862,257,934</u>	<u>\$28,775,893</u>	<u>(\$6,394,041)</u>	<u>\$884,639,786</u>

Accumulated Depreciation:

Class	December 31, 2020	Additions	Deletions	December 31, 2021
Intangible Capital Assets	(\$278,408)	(\$21,416)	\$0	(\$299,824)
Buildings and Improvements	(75,332,072)	(1,745,935)	0	(77,078,007)
Machinery and Equipment	(475,841,340)	(13,611,719)	408,517	(489,044,542)
Total Depreciation	<u>(\$551,451,820)</u>	<u>(\$15,379,070)</u>	<u>\$408,517</u>	<u>(\$566,422,373)</u>

Net Value:

Total Cost	<u>\$310,806,114</u>			<u>\$318,217,413</u>
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$3,868,143 for 2021. Of this amount, \$163,119 is reported as an intergovernmental payable.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$3,839,298 for 2021. Of this amount, \$159,477 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$28,555,709	\$48,616,268	\$77,171,977
Proportion of the Net Pension Liability-2021	0.192842%	0.713153%	
Proportion of the Net Pension Liability-2020	0.192546%	0.700746%	
Percentage Change	0.000296%	0.012407%	
Pension Expense	\$625,464	\$3,734,147	\$4,359,611

CITY OF HAMILTON, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$815,318	\$815,318
Differences between expected and actual experience	0	2,032,324	2,032,324
Change in proportionate share	0	1,460,040	1,460,040
City contributions subsequent to the measurement date	<u>3,868,143</u>	<u>3,839,298</u>	<u>7,707,441</u>
Total Deferred Outflows of Resources	<u>\$3,868,143</u>	<u>\$8,146,980</u>	<u>\$12,015,123</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$11,130,173	\$2,358,208	\$13,488,381
Differences between expected and actual experience	1,194,506	1,893,947	3,088,453
Change in proportionate share	0	835,221	835,221
Total Deferred Inflows of Resources	<u>\$12,324,679</u>	<u>\$5,087,376</u>	<u>\$17,412,055</u>

\$7,707,441 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$4,698,535)	(\$42,092)	(\$4,740,627)
2023	(1,571,123)	1,214,016	(357,107)
2024	(4,537,037)	(2,009,286)	(6,546,323)
2025	(1,517,984)	(111,584)	(1,629,568)
2026	0	169,252	169,252
Total	<u>(\$12,324,679)</u>	<u>(\$779,694)</u>	<u>(\$13,104,373)</u>

Actuarial Assumptions - OPERS

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

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2020 and December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2020
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2019
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	1.4 percent simple through 2020. 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

CITY OF HAMILTON, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$54,470,151	\$28,555,709	\$7,007,878

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, compared with January 1, 2019, are presented below.

	January 1, 2020	January 1, 2019
Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

For the January 1, 2020 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

For the January 1, 2020 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2020 are summarized below:

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

* levered 2x

Note: Assumptions are geometric

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2020, the total pension liability was calculated using the discount rate of 8.00 percent. The discount rate used for 2019 was 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$67,680,071	\$48,616,268	\$32,661,788

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS

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

Net OPEB Liability (Asset)

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$90,735 for 2021. Of this amount, \$3,764 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability (Asset)	(\$3,511,330)	\$7,555,970	\$4,044,640
Proportion of the Net OPEB Liability (Asset) -2021	0.197091%	0.713153%	
Proportion of the Net OPEB Liability-2020	0.195755%	0.700746%	
Percentage Change	0.001336%	0.012407%	
OPEB Expense	(\$21,192,924)	\$932,677	(\$20,260,247)

*Total 2021 OPEB expense, including the Retiree Life Insurance Plan is (\$20,214,733).

CITY OF HAMILTON, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in assumptions	\$1,726,215	\$4,174,258	\$5,900,473
Change in proportionate share	112,665	859,024	971,689
City contributions subsequent to the measurement date	0	90,735	90,735
Total Deferred Outflows of Resources	<u>\$1,838,880</u>	<u>\$5,124,017</u>	<u>\$6,962,897</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on OPEB plan investments	\$1,870,185	\$280,792	\$2,150,977
Changes in assumptions	5,689,414	1,204,565	6,893,979
Differences between expected and actual experience	3,168,957	1,246,331	4,415,288
Change in proportionate share	0	309,555	309,555
Total Deferred Inflows of Resources	<u>\$10,728,556</u>	<u>\$3,041,243</u>	<u>\$13,769,799</u>

\$90,735 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$4,631,197)	\$436,819	(\$4,194,378)
2023	(3,225,413)	503,315	(2,722,098)
2024	(812,705)	398,481	(414,224)
2025	(220,361)	411,497	191,136
2026	0	123,125	123,125
2027	0	91,706	91,706
2028	0	27,096	27,096
Total	<u>(\$8,889,676)</u>	<u>\$1,992,039</u>	<u>(\$6,897,637)</u>

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior Measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent initial, 3.5 percent ultimate in 2035
Prior Measurement date	10.5 percent initial, 3.5 percent ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent.

CITY OF HAMILTON, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$873,113)	(\$3,511,330)	(\$5,680,163)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$3,596,911)	(\$3,511,330)	(\$3,415,587)

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-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 pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	2.96 percent	3.56 percent
Cost of Living Adjustments	2.2 percent simple	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016. The prior experience study was completed December 31, 2011.

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

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

* levered 2x

Note: Assumptions are geometric

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

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

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$9,421,863	\$7,555,970	\$6,016,827

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

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*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan

Total OPEB Liability

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

Plan Description

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

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

Funding Policy – Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The City’s contractually required contribution was \$89,482 for 2021.

At December 31, 2021 the number of active participants was 562 and the number of retirees was 674.

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

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

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

The Total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2021. Following is information related to changes in the Total OPEB liability:

	Changes in Total OPEB Liability
Total OPEB Liability 12/31/20	\$1,631,540
Service cost	22,442
Interest	31,740
Difference between expected and actual experience	39,058
Changes of assumptions	46,567
Benefit payments	(89,482)
Total OPEB Liability 12/31/21	\$1,681,865
Retiree Life Insurance Plan OPEB expense	\$45,514

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Retiree Life Insurance Plan</u>		
Changes in assumptions	\$182,187	\$7,470
Differences between expected and actual experience	59,263	0
Total	\$241,450	\$7,470

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

Year Ending December 31:	
2022	\$84,082
2023	80,713
2024	47,629
2025	19,870
2026	1,686
Total	\$233,980

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

Actuarial Assumptions

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:	
Current measurement date	1.80 percent
Prior Measurement date	2.00 percent
Actuarial Cost Method	Entry Age Normal

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

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

Discount Rate A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 2.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Because the Retiree Life Insurance Plan is not funded, the discount rate is based on a 20-year tax exempt municipal bond rate based on published indices.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate The following table presents the Retiree Life Insurance Plan total OPEB liability calculated using the single discount rate of 1.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (0.80 percent) or one-percentage-point higher (2.80 percent) than the current rate:

	1% Decrease <u>(0.80%)</u>	Current Discount Rate <u>(1.80%)</u>	1% Increase <u>(2.80%)</u>
Total OPEB liability	\$1,921,247	\$1,681,865	\$1,487,054

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2021 were as follows:

Issue Date	Interest Rate	Description	Maturity Date	Balance			Balance December 31, 2021	Due Within One Year
				December 31, 2020	Additions	Reductions		
Governmental Activities Debt:								
General Obligation Bonds:								
2020	3.0% - 4.00%	Various Purpose 2020	2040	\$2,500,000	\$0	\$0	\$2,500,000	\$40,000
2020	3.0% - 4.00%	Various Purpose 2020 Refunding	2040	1,625,000	0	(455,000)	1,170,000	250,000
2018	2.6% - 4.00%	Various Purpose	2048	10,040,000	0	(230,000)	9,810,000	240,000
2018	3.50%	Property Improvement	2021	1,000,000	0	(1,000,000)	0	0
2021	1.08%	Property Improvement	2024	0	1,000,000	0	1,000,000	0
Total General Obligation Bonds				15,165,000	1,000,000	(1,685,000)	14,480,000	530,000
Special Obligation Non-Tax Revenue Bonds:*								
2020	0.93% - 3.48%	Champions Mill Project Refunding	2050	30,025,000	0	0	30,025,000	0
2020	0.93% - 3.48%	Champions Mill Project	2050	1,875,000	0	0	1,875,000	80,000
Total Special Obligation Non-Tax Revenue Bonds				31,900,000	0	0	31,900,000	80,000
Income Tax Revenue Bonds:*								
2017	3.00%	Various Purpose Refunding	2035	7,584,206	0	(386,071)	7,198,135	424,526
2017	3.00%	Various Purpose	2035	661,165	0	(181,299)	479,866	202,282
2017	2.39%	Various Purpose Refunding	2026	1,263,040	0	(200,949)	1,062,091	202,161
Total Income Tax Revenue Bonds				9,508,411	0	(768,319)	8,740,092	828,969
Special Assessment Bonds:								
2003	5.25%	Shaffer's Creek Sanitary Sewer	2022	40,000	0	(10,000)	30,000	15,000
2001	6.00%	Various Purpose Series 2001	2021	70,000	0	(70,000)	0	0
Total Special Assessment Bonds (with Governmental Commitment)				110,000	0	(80,000)	30,000	15,000
Issuance Discounts/Premiums				307,141	0	(26,860)	280,281	0
Total Bonds Payable				56,990,552	1,000,000	(2,560,179)	55,430,373	1,453,969
Ohio Water Development Authority Loans Payable:*								
2016	2.13%	South Hamilton Road Storm Water	2049	3,235,838	0	(63,889)	3,171,949	85,892
2020	1.47%	Spooky Nook Public Improvements	2052	803,232	1,419,405	0	2,222,637	0
Total Ohio Water Development Authority Loans Payable				4,039,070	1,419,405	(63,889)	5,394,586	85,892
Governmental Activities Other Long-Term Obligations:								
Capital Leases				23,870,000	0	(480,000)	23,390,000	490,000
Compensated absences				4,683,234	2,434,863	(2,355,457)	4,762,640	2,287,020
Governmental Activities Debt and Other Long-Term Obligations				\$89,582,856	\$4,854,268	(\$5,459,525)	\$88,977,599	\$4,316,881

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

The principal amount of the City's special assessment bonds outstanding was \$30,000. The special assessments issued are for non-capital related repairs to sidewalks, streets, etc. Special assessment bonds are general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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

Issue Date	Interest Rate	Description	Maturity Date	Balance			Balance December 31, 2021	Due Within One Year
				December 31, 2020	Additions	Reductions		
Business-Type Activities Debt:								
Mortgage Revenue Bonds:								
2017	2.23%	Gas Refunding	2027	\$4,170,000	\$0	(\$555,000)	\$3,615,000	\$570,000
2018	3.80%	Gas Improvements	2038	1,605,000	0	(65,000)	1,540,000	65,000
2018	3.0% - 5.0%	Electric Refunding	2030	11,690,000	0	(940,000)	10,750,000	975,000
2019	3.0% - 5.0%	Electric Refunding	2039	11,180,000	0	(20,000)	11,160,000	20,000
2019	3.0% - 5.0%	Electric Improvements	2049	15,385,000	0	(280,000)	15,105,000	290,000
2015	2.0% - 5.0%	Water Refunding	2044	10,285,000	0	(310,000)	9,975,000	320,000
2018	4.00%	Water Refunding	2029	5,155,000	0	(490,000)	4,665,000	510,000
2018	3.0% - 4.0%	Water Improvements	2048	2,850,000	0	(60,000)	2,790,000	60,000
2019	3.0% - 4.0%	Water Refunding	2039	8,025,000	0	(20,000)	8,005,000	20,000
2019	3.0% - 4.0%	Water Improvements	2049	1,770,000	0	(35,000)	1,735,000	35,000
2016	1.75% - 5.0%	Wastewater Refunding	2026	6,185,000	0	(920,000)	5,265,000	965,000
2018	2.0% - 5.0%	Wastewater Refunding	2041	23,265,000	0	(755,000)	22,510,000	770,000
2019	3.0% - 5.0%	Wastewater Refunding	2039	8,570,000	0	(260,000)	8,310,000	265,000
				<u>110,135,000</u>	<u>0</u>	<u>(4,710,000)</u>	<u>105,425,000</u>	<u>4,865,000</u>
		Issuance Discounts/Premiums		<u>7,584,875</u>	<u>0</u>	<u>(649,137)</u>	<u>6,935,738</u>	<u>0</u>
		Total Mortgage Revenue Bonds		<u>117,719,875</u>	<u>0</u>	<u>(5,359,137)</u>	<u>112,360,738</u>	<u>4,865,000</u>
General Obligation Bonds:								
2018	2.6% - 4.0%	Wastewater Improvements	2038	515,000	0	(20,000)	495,000	25,000
Ohio Water Development Authority Loans:*								
2010	3.25%	Sanitary Sewer Improvements	2030	250,426	0	(21,568)	228,858	22,275
2016	1.33%	River Road Water Main	2037	808,157	0	(42,665)	765,492	43,235
2018	2.22%	Sanitary Sewer Improvements	2049	1,040,831	120,657	(32,465)	1,129,023	33,006
		Total Ohio Water Development Authority Loans		<u>2,099,414</u>	<u>120,657</u>	<u>(96,698)</u>	<u>2,123,373</u>	<u>98,516</u>
Ohio Public Works Commission Loans:*								
2016	0.00%	Gilmore Road Pump Station I	2049	3,073,213	0	(107,832)	2,965,381	107,832
2016	0.00%	Pershing Avenue Water Main	2048	687,446	0	(24,998)	662,448	24,998
2017	0.00%	State Route 4 Water Main	2049	408,048	0	(14,318)	393,730	14,318
2017	0.00%	Arlington Avenue Water Main	2049	580,931	0	(19,692)	561,239	19,693
2017	0.00%	Gilmore Road Pump Station II	2049	388,134	0	(13,618)	374,516	13,619
2018	0.00%	Southern Hills Water Main	2049	1,783,157	0	(60,446)	1,722,711	60,446
2019	0.00%	Bilstein Water Main Loop	2050	234,054	0	(7,934)	226,120	7,934
2020	0.00%	Highland Park Water Main	2051	1,398,025	701,178	0	2,099,203	0
2019	0.00%	North Third Street Water Main	2050	1,539,200	0	(25,653)	1,513,547	51,307
2021	0.00%	SOID Sanitary Sewer Relocation	2052	0	1,605,038	0	1,605,038	0
		Total Ohio Public Works Commission Loans		<u>10,092,208</u>	<u>2,306,216</u>	<u>(274,491)</u>	<u>12,123,933</u>	<u>300,147</u>
Business-Type Activities Other Long-Term Obligations:								
		Compensated absences		<u>3,090,437</u>	<u>1,577,968</u>	<u>(1,711,280)</u>	<u>2,957,125</u>	<u>1,650,013</u>
		Business-Type Activities Debt and Other Long-Term Obligations		<u>\$133,516,934</u>	<u>\$4,004,841</u>	<u>(\$7,461,606)</u>	<u>\$130,060,169</u>	<u>\$6,938,676</u>

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

Outstanding revenue bonds totaled \$105,425,000 at December 31, 2021. Under the terms of the revenue bond indentures, the City has agreed to certain covenants including, among other things, maintaining revenue levels to provide for operating expenses and debt service. All of the borrowing issued under the master trust indentures for the revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the insurer guarantees the payments of principal and interest.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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

The City's total debt margin was \$84,440,373 at December 31, 2021. The Ohio Revised Code provides that the net debt of a municipal corporation, when approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage.

A. General Obligation Bond Issuance

In 2021 the City issued \$1,000,000 of various purpose general obligation bonds. The bonds carry an interest rate of 3.0% to 4.0% and mature in October 2040.

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CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

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

B. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2021 follows:

GOVERNMENTAL ACTIVITIES									
Years	General Obligation Bonds			Special Assessment Bonds			Income Tax Revenue Bonds*		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$530,000	\$476,434	\$1,006,434	\$15,000	\$1,575	\$16,575	\$828,969	\$244,971	\$1,073,940
2023	615,000	457,634	1,072,634	15,000	788	15,788	837,220	220,591	1,057,811
2024	1,640,000	435,534	2,075,534	0	0	0	672,296	199,941	872,237
2025	470,000	401,734	871,734	0	0	0	691,163	180,824	871,987
2026	480,000	385,584	865,584	0	0	0	710,069	161,169	871,238
2027-2031	2,275,000	1,721,726	3,996,726	0	0	0	2,672,457	559,545	3,232,002
2032-2036	2,755,000	1,350,900	4,105,900	0	0	0	2,327,918	139,985	2,467,903
2037-2041	2,740,000	829,844	3,569,844	0	0	0	0	0	0
2042-2046	2,045,000	411,769	2,456,769	0	0	0	0	0	0
2047-2051	930,000	52,688	982,688	0	0	0	0	0	0
Totals	\$14,480,000	\$6,523,847	\$21,003,847	\$30,000	\$2,363	\$32,363	\$8,740,092	\$1,707,026	\$10,447,118

GOVERNMENTAL ACTIVITIES						
Years	Special Obligation Non-Tax Revenue Bonds*			OWDA Loans*		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$80,000	\$920,953	\$1,000,953	\$85,892	\$67,108	\$153,000
2023	80,000	920,161	1,000,161	174,444	112,509	286,953
2024	580,000	916,402	1,496,402	177,602	109,351	286,953
2025	585,000	909,399	1,494,399	180,816	106,134	286,950
2026	920,000	898,386	1,818,386	184,097	102,857	286,954
2027-2031	4,880,000	4,221,962	9,101,962	971,834	462,933	1,434,767
2032-2036	5,455,000	3,624,842	9,079,842	1,063,501	371,267	1,434,768
2037-2041	6,300,000	2,748,802	9,048,802	1,164,124	270,644	1,434,768
2042-2046	6,745,000	1,678,397	8,423,397	1,274,607	160,161	1,434,768
2047-2051	6,275,000	446,177	6,721,177	117,669	47,055	164,724
Totals	\$31,900,000	\$17,285,481	\$49,185,481	\$5,394,586	\$1,810,019	\$7,204,605

BUSINESS-TYPE ACTIVITIES									
Years	Revenue Bonds			General Obligation Bonds			OWDA/OPWC Loans*		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$4,865,000	\$4,339,644	\$9,204,644	\$25,000	\$16,118	\$41,118	\$398,663	\$39,497	\$438,160
2023	5,065,000	4,163,672	9,228,672	25,000	15,368	40,368	531,009	37,385	568,394
2024	5,250,000	3,964,691	9,214,691	25,000	14,618	39,618	532,348	35,241	567,589
2025	5,470,000	3,783,686	9,253,686	25,000	13,868	38,868	533,718	33,065	566,783
2026	5,715,000	3,559,320	9,274,320	25,000	13,118	38,118	535,123	30,856	565,979
2027-2031	22,620,000	14,441,156	37,061,156	140,000	54,565	194,565	2,668,141	120,138	2,788,279
2032-2036	24,230,000	9,927,321	34,157,321	160,000	30,631	190,631	2,574,456	75,559	2,650,015
2037-2041	22,765,000	4,939,869	27,704,869	70,000	3,806	73,806	2,373,711	43,083	2,416,794
2042-2046	6,455,000	1,346,838	7,801,838	0	0	0	2,320,966	22,425	2,343,391
2047-2051	2,990,000	302,663	3,292,663	0	0	0	1,651,397	3,792	1,655,189
2052	0	0	0	0	0	0	127,774	0	127,774
Totals	\$105,425,000	\$50,768,860	\$156,193,860	\$495,000	\$162,092	\$657,092	\$14,247,306	\$441,041	\$14,688,347

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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

C. Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2021, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$7,168,288.

D. Ohio Water Development Authority Loans

Spooky Nook Improvements - In 2020 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for public infrastructure improvements at the Spooky Nook project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 1.47%, per annum. This loan is payable from storm water collection charges and is received by the City in increments as the project is completed. As of December 31, 2021, the City had received \$2,222,637 from OWDA. Subsequent amounts will be received in future years.

E. Ohio Public Works Commission Loans

Highland Park Water Main Replacement - In 2020 the City obtained financing through the Ohio Public Works Commission for a water main replacement project in the Highland Park area at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2021, the City had received \$2,099,203 from OPWC. Subsequent amounts will be received in future years.

SOID Sanitary Sewer Relocation - In 2021 the City obtained financing through the Ohio Public Works Commission for sanitary sewer improvements at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2021, the City had received \$1,605,038 from OPWC. Subsequent amounts will be received in future years.

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

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

F. Pledged Revenue Coverage

The Gas Utility revenue bonds are payable from the net revenue derived from operations of the gas utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2027 and 2038. In 2021 the Gas Fund reported \$2,637,474 of net pledged revenues for coverage of a principal and interest debt service requirement of \$773,981.

The Electric Utility revenue bonds are payable from the net revenue derived from operations of the electric utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2030, 2039, and 2049. In 2021 the Electric Fund reported \$22,749,927 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,769,300.

The Water Utility revenue bonds are payable from the net revenue derived from operations of the water utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2029, 2039, 2044, 2048, and 2049. In 2021 the Water Fund reported \$5,174,078 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,053,313.

The Wastewater Utility revenue bonds are payable from the net revenue derived from operations of the wastewater utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2026, 2039, and 2041. In 2021 the Wastewater Fund reported \$6,638,501 of net pledged revenues for coverage of a principal and interest debt service requirement of \$3,453,050.

NOTE 13 - CAPITAL LEASE COMMITMENTS

The City leases the Hamilton Government Building from the Hamilton Community Authority (a discretely presented component unit). The capital lease liability is accounted for as Governmental Activities long-term debt. Prior to entering into the capital lease agreement, the City sold the building to the Hamilton Community Authority for \$24,768,150. The building is reported as Governmental Activities capital assets at historical cost. See note 20.

The following is a schedule of the future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2021:

Year Ending December 31,	Governmental Capital Leases
2022	\$ 1,399,047
2023	1,399,592
2024	1,399,190
2025	1,402,810
2026	1,400,530
2027-2031	7,008,627
2032-2036	7,005,600
2037-2041	7,011,000
2042-2046	7,006,200
2047-2049	4,201,200
Minimum Lease Payments	39,233,796
Less: Amount representing interest at the City's incremental borrowing rate of interest	(15,843,796)
Present value of minimum lease payments	\$23,390,000

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 14 - INSURANCE AND RISK MANAGEMENT

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

Property Insurance	\$217,811,932	Limit
Earthquake	\$25,000,000	
Flood	\$10,000,000	
Ordinance or Law Coverage	\$1,250,000	
Extra Expense Designated Locations	\$1,500,000	
Valuable Papers Restoration	\$1,250,000	
Electric Property Insurance	\$392,150,000	Limit
Earthquake	\$50,000,000	
Flood	\$50,000,000	
Demolition and Increased Cost Construction	\$10,000,000	
Newly Acquired Locations	\$5,000,000	
Misc. Unnamed Locations	\$250,000	
Boiler and Machinery	\$40,000,000	Limit
Auto	\$1,000,000	Limit
Comprehensive and Collision	\$20,000	Deductible
Garage Keepers Liability	\$500,000	Limit
Crime – Theft of Money and Securities In/Out	\$500,000	Limit
Forgery and Alteration Coverage	\$500,000	Limit
Public Officials Bond – Treasurer	\$500,000	Limit
Public Officials Bond – All Others	\$500,000	Limit
Police Professional Liability (per occurrence)	\$1,000,000	Limit

CITY OF HAMILTON, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 14 - INSURANCE AND RISK MANAGEMENT (Continued)

Public Officials Liability	\$1,000,000	Limit
Public Utilities Excess Liability	\$80,000,000	Limit
Claims Made Retroactive 4/86		
Combined Products Liability		
Completed Operations Liability		
Failure to Supply Liability		
Pollution Liability		
Medical Malpractice Liability		
General Liability (per occurrence)	\$1,000,000	Limit
Products, Personal Injury, Stop Gap Liability	\$1,000,000	Limit
Ambulance Attendants Errors and Omissions	\$1,000,000	Limit
Pollution Legal Liability	\$10,000,000	Aggregate
Named NDD Housing Lead Abatement		
One Year Term		
Pollution Legal Liability		
Named Brownfield Location – Hamilton Die Cast	\$5,000,000	Limit
10 Year Term		
Umbrella	\$19,000,000	Limit
Does not apply separately over the underlying/primary coverages		

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

There has been no significant reduction in coverage in 2021. Settled claims did not exceed this commercial coverage in any of the past three years.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 14 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Self-Insurance

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

The City participates in the plan and makes payment to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of \$1,032,379 reported in the General Fund at December 31, 2021 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is non-discounted and is based upon historical claims experience. Changes in the claims liability in 2020 and 2021 was as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2020	\$713,069	\$6,885,803	(\$6,838,267)	\$760,605
2021	760,605	8,553,487	(8,281,713)	1,032,379

B. BWC Group Retrospective Rating Program

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 14 - INSURANCE AND RISK MANAGEMENT (Continued)

C. BWC Individual Retrospective Rating Program

In prior years the City was enrolled in the Ohio BWC’s Individual Retrospective Rating program. Each retrospective rated policy year carries a 10 year liability period. The Individual Retrospective Rating provided the City with an up-front premium discount in exchange for assuming dollar-for-dollar claims liability for any claim filed during the Retrospective Rating policy year. There is a maximum per claim limit and an aggregate policy limit in Retrospective Rating. For 2021 Hamilton’s per claim limit is \$200,000 and its aggregate policy limit is 150% of the standard premium (i.e., premium before the Individual Retrospective Rating discount and less BWC administrative costs).

The claims liability of \$7,003 reported in the General Fund at December 31, 2021 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount are as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2020	\$7,941	\$23,925	(\$7,941)	\$23,925
2021	23,925	7,003	(23,925)	7,003

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CITY OF HAMILTON, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

NOTE 15 – SIGNIFICANT COMMITMENTS

A. Contractual Commitments

As of December 31, 2021, the City had contractual commitments related to property, plant and equipment improvements and additions, as well as various other contracts and agreements to provide or receive services related to the operations of the City. The list below reflects the major contracts that comprise commitments at December 31, 2021:

Vendor	Contractual Commitment
Sunesis Construction Company	\$3,188,453
C.G. Construction & Utilities, Inc.	3,005,061
Prus Construction Company	2,146,105
Milcon Concrete, Inc.	1,604,988
Gateway Interests LLC	1,329,497
Champion Mill Land LLC	868,897
Historic Mill Land 2 LLC	813,014
Sunesis Construction Company	674,398
ABB, Inc.	525,501
SmithCorp, Inc.	511,320
Majors Enterprises, Inc.	462,155
CTL Engineering	431,494
Adleta, Inc.	333,522
Doll Layman Ltd.	327,198
R A Miller Construction Company, Inc.	289,665
Rumpke	277,367
Asplundh Tree Expert Company	248,436
Hyundai Corporation	233,266
The Hydaker Wheatlake Company	210,699
RLA Investments, Inc.	196,363
FYDA Freightliner Cincinnati	152,470
Jonathon Nerenberg	145,000
Ermco	139,308
Steel Fab, Inc.	136,606
	\$18,250,783

B. Encumbrance Commitments

At December 31, 2021 the City had encumbrance commitments in the Governmental Funds as follows:

Fund	Encumbrances
General Fund	\$3,046,289
Hamilton Capital Improvement Fund	4,276,120
Other Governmental Funds	9,647,647
Total Governmental Funds	\$16,970,056

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 16 – CONTINGENCIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2021 to December 31, 2021, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

C. Asset Retirement Obligations

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 17 – JOINT VENTURES

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

A. Hamilton-Indian Springs Joint Economic Development Districts

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

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

During 2021, the City's distribution of tax collections for the Hamilton-Indian Springs Joint Economic Development District totaled \$548,180.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 17 – JOINT VENTURES (Continued)

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

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

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

C. Meldahl Hydroelectric Project

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

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

A. AMP, Inc.

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

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

B. Transportation Improvement District of Butler County

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

C. Butler County Emergency Management Agency

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Hamilton Community Improvement Corporation

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

E. Hamilton Economic Development Corporation

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

F. Ohio-Kentucky-Indiana Regional Council of Governments

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

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

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

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

NOTE 19 – ENTERPRISE INTERFUND REVENUES AND ADMINISTRATIVE CHARGES

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

During 2021, the Electric Fund purchased \$123,340 of natural gas from the Gas Fund. This amount is reflected in the purchased electric expense account in the Electric Fund and as charges for services in the Gas Fund.

The Water and Wastewater Funds purchased electric services from the Electric Fund in the amount of \$1,324,278 and \$716,758 respectively, during 2021. These amounts are recorded in the Water and Wastewater Funds as contractual services and as charges for services in the Electric Fund.

The City’s Electric System provides street and traffic lighting services to the City and the estimated operating cost of supplying these services was approximately \$295,000 for the year ending December 31, 2021.

Beginning in 2009, Council approved a policy to provide certain utility costs to general government facilities at no cost. The estimated operating cost of supplying gas, water, and wastewater utilities at no cost to general governmental facilities was estimated to be \$230,000 for the year ending December 31, 2021.

The Utility Systems are allocated a portion of the City’s administrative cost from the General Fund. In addition, each Utility is charged expenses by the City’s Internal Service Funds. Represented below is the amount charged to each Utility Fund by type of charge or activity for 2021.

	<u>Gas</u>	<u>Electric</u>	<u>Water</u>	<u>Wastewater</u>
Administrative cost (General Fund)	\$1,305,666	\$1,469,731	\$1,277,487	\$1,169,866
Central Services Fund	2,370,162	2,349,097	1,450,098	1,383,711
Fleet Maintenance Fund	387,009	447,294	348,805	65,190
Total	<u>\$4,062,837</u>	<u>\$4,266,122</u>	<u>\$3,076,390</u>	<u>\$2,618,767</u>

CITY OF HAMILTON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2021***

NOTE 20 – DISCRETELY PRESENTED COMPONENT UNIT

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

A. Basis of Accounting

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

B. Basis of Presentation

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

C. Deposits

As of December 31, 2021, the Authority had \$10,338 in cash on deposit with US Bank (Trustee) and \$22,586,594 on deposit with Huntington Bank (Trustee) in accordance with the Authority's Master Trust Agreements with the Trustees. The amount on deposit with the Trustees consists of US Treasury money market funds, US Treasury Bills, and Certificates of Deposit. These accounts are reported as cash and investments on the Statement of Net Position.

D. Capital Lease Receivable

In March 2019, the Authority issued \$24,860,000 in lease revenue bonds to purchase the Hamilton Government Building located at 345 High Street for \$24,768,150. The Authority entered into a capital lease agreement with the City where the City leases the building from the Authority. The Authority has pledged lease payments received from the City for the payment of principal and interest on the bonds. In 2021, the City paid the Authority \$1,402,967 in lease payments.

The following is a schedule of future lease payments under the capital lease as of December 31, 2021:

Years	Lease Receivable		
	Principal	Interest	Total
2022	\$490,000	\$909,047	\$1,399,047
2023	505,000	894,592	1,399,592
2024	520,000	879,190	1,399,190
2025	540,000	862,810	1,402,810
2026	555,000	845,530	1,400,530
2027-2031	3,090,000	3,918,627	7,008,627
2032-2036	3,735,000	3,270,600	7,005,600
2037-2041	4,550,000	2,461,000	7,011,000
2042-2046	5,530,000	1,476,200	7,006,200
2047-2049	3,875,000	326,200	4,201,200
Totals	<u>\$23,390,000</u>	<u>\$15,843,796</u>	<u>\$39,233,796</u>

CITY OF HAMILTON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2021**

NOTE 20 – DISCRETELY PRESENTED COMPONENT UNIT (Continued)

E. Long-Term Debt

Debt activity for the Authority for the year ended December 31, 2021 was as follows:

	Balance December 31, 2020	Additions	Reductions	Balance December 31, 2021	Due Within One Year
2019 Lease Revenue Bonds	\$23,870,000	\$0	(\$480,000)	\$23,390,000	\$490,000
2020 PACE Bonds	32,020,000	0	0	32,020,000	0
2020 TIF Bonds	36,090,000	0	0	36,090,000	10,000
2021 Parking Revenue Bonds	0	12,900,000	0	12,900,000	0
Bond Premium (Discount)	(1,896,998)	(897,582)	91,491	(2,703,089)	0
Total Bonds	\$90,083,002	\$12,002,418	(\$388,509)	\$101,696,911	\$500,000

The Authority issued the lease revenue bonds to purchase the Hamilton Government Building located at 345 High Street in 2019. The Authority entered into a capital lease agreement with the City where the City leases the building from the Authority. The Authority has pledged lease payments received from the City for the payment of principal and interest on the revenue bonds.

The Property Assessed Clean Energy (PACE) Bonds were issued to finance energy improvements at the Champion Mill Spooky Nook Sports Complex site. The City has levied special assessments on the project site, which will be collected and remitted to the Authority. The debt will be retired by the assessments collected from the project site owner. The Authority is reporting a receivable from the City in the amount of \$33,696,646 for the assessments to be collected by the City and remitted to the Authority.

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

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

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLE

For 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.”

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of this statement had no effect on beginning of year net position/fund balance.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.195707%	0.195707%	0.180651%	0.181112%
City's proportionate share of the net pension liability	\$23,071,305	\$23,604,447	\$31,291,101	\$41,127,343
City's covered payroll	\$24,119,685	\$24,075,983	\$22,863,367	\$23,579,133
City's proportionate share of the net pension liability as a percentage of its covered payroll	95.65%	98.04%	136.86%	174.42%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%	77.25%

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

Ohio Police and Fire Pension Fund

Year	2014	2015	2016	2017
City's proportion of the net pension liability	0.738902%	0.738902%	0.702774%	0.684675%
City's proportionate share of the net pension liability	\$35,986,826	\$38,278,184	\$45,209,938	\$43,366,613
City's covered payroll	\$14,795,978	\$14,571,091	\$14,408,748	\$14,718,583
City's proportionate share of the net pension liability as a percentage of its covered payroll	243.22%	262.70%	313.77%	294.64%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%	68.36%

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

Notes: The City implemented GASB Statement 68 in 2015.

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

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2018	2019	2020	2021
City's proportion of the net pension liability	0.194154%	0.192963%	0.192546%	0.192842%
City's proportionate share of the net pension liability	\$30,459,006	\$52,848,657	\$38,058,030	\$28,555,709
City's covered payroll	\$25,659,746	\$26,172,393	\$27,177,157	\$27,451,886
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.70%	201.93%	140.04%	104.02%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	74.70%	82.17%	86.88%

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

Ohio Police and Fire Pension Fund

Year	2018	2019	2020	2021
City's proportion of the net pension liability	0.711449%	0.708997%	0.700746%	0.713153%
City's proportionate share of the net pension liability	\$43,664,825	\$57,872,890	\$47,205,981	\$48,616,268
City's covered payroll	\$15,525,792	\$16,127,372	\$16,769,908	\$17,643,755
City's proportionate share of the net pension liability as a percentage of its covered payroll	281.24%	358.85%	281.49%	275.54%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	63.07%	69.89%	70.65%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$2,829,496	\$3,335,767	\$3,664,135
Contributions in relation to the contractually required contribution	<u>2,829,496</u>	<u>3,335,767</u>	<u>3,664,135</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$23,579,133	\$25,659,746	\$26,172,393
Contributions as a percentage of covered payroll	12.00%	13.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$3,127,255	\$3,291,033	\$3,409,109
Contributions in relation to the contractually required contribution	<u>3,127,255</u>	<u>3,291,033</u>	<u>3,409,109</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,718,583	\$15,525,792	\$16,127,372
Contributions as a percentage of covered payroll	21.25%	21.20%	21.14%

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

(Continued)

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$3,804,802	\$3,843,264	\$3,868,143
Contributions in relation to the contractually required contribution	<u>3,804,802</u>	<u>3,843,264</u>	<u>3,868,143</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$27,177,157	\$27,451,886	\$27,629,593
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$3,544,582	\$3,732,159	\$3,839,298
Contributions in relation to the contractually required contribution	<u>3,544,582</u>	<u>3,732,159</u>	<u>3,839,298</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$16,769,908	\$17,643,755	\$18,147,094
Contributions as a percentage of covered payroll	21.14%	21.15%	21.16%

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

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information



CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Pension Fund

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

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

Notes: The City implemented GASB Statement 75 in 2018.

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

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2020</u>	<u>2021</u>
City's proportion of the net OPEB liability (asset)	0.195755%	0.197091%
City's proportionate share of the net OPEB liability (asset)	\$27,038,853	(\$3,511,330)
City's covered payroll	\$27,177,157	\$27,451,886
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	99.49%	(12.79%)
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	115.57%

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

Ohio Police and Fire Pension Fund

Year	<u>2020</u>	<u>2021</u>
City's proportion of the net OPEB liability (asset)	0.700746%	0.713153%
City's proportionate share of the net OPEB liability (asset)	\$6,921,777	\$7,555,970
City's covered payroll	\$16,769,908	\$17,643,755
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	41.27%	42.83%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	45.42%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$241,197	\$481,520	\$457,267
Contributions in relation to the contractually required contribution	<u>241,197</u>	<u>481,520</u>	<u>457,267</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$24,119,685	\$24,075,983	\$22,863,367
Contributions as a percentage of covered payroll	1.00%	2.00%	2.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$536,138	\$72,855	\$72,044
Contributions in relation to the contractually required contribution	<u>536,138</u>	<u>72,855</u>	<u>72,044</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,795,978	\$14,571,091	\$14,408,748
Contributions as a percentage of covered payroll	3.62%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$471,583	\$256,597	\$0
Contributions in relation to the contractually required contribution	<u>471,583</u>	<u>256,597</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$23,579,133	\$25,659,746	\$26,172,393
Contributions as a percentage of covered payroll	2.00%	1.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$73,593	\$77,629	\$80,637
Contributions in relation to the contractually required contribution	<u>73,593</u>	<u>77,629</u>	<u>80,637</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,718,583	\$15,525,792	\$16,127,372
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

(Continued)

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$27,177,157	\$27,451,886	\$27,629,593
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$83,850	\$88,219	\$90,735
Contributions in relation to the contractually required contribution	<u>83,850</u>	<u>88,219</u>	<u>90,735</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$16,769,908	\$17,643,755	\$18,147,094
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2013 is not available.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefits (OPEB) Liability –
Single Employer Plan
Last Five Years***

Retiree Life Insurance Plan

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability	\$1,386,170	\$1,327,255	\$1,502,960	\$1,631,540	\$1,681,865
City's covered-employee payroll	38,297,716	41,185,538	42,299,765	43,947,065	45,095,640
Total OPEB liability as a percentage of its covered-employee payroll	3.62%	3.22%	3.55%	3.71%	3.73%

Source: Finance Director's Office

Notes: The Retiree Life Insurance Plan has no assets.

The City implemented GASB Statement 75 in 2018.

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

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of Changes in the City's Total Other Postemployment Benefit (OPEB) Liability -
Single Employer Plan
Last Four Years***

Retiree Life Insurance Plan

Year	2018	2019	2020	2021
Total OPEB Liability Beginning of Year	\$1,386,170	\$1,327,255	\$1,502,960	\$1,631,540
Service cost	15,498	14,686	18,382	22,442
Interest	47,062	48,811	40,140	31,740
Difference between expected and actual experience	19,734	31,916	21,914	39,058
Changes of assumptions	(57,311)	166,583	135,366	46,567
Benefit payments	(83,898)	(86,291)	(87,222)	(89,482)
Total OPEB Liability End of Year	<u>\$1,327,255</u>	<u>\$1,502,960</u>	<u>\$1,631,540</u>	<u>\$1,681,865</u>

Source: Finance Director's Office

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2021***

NET PENSION LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2021.

Changes in assumptions:

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

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

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

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

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

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

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

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

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2014-2021.

Changes in assumptions:

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

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2021***

NET PENSION LIABILITY – COST SHARING PLANS (Continued)

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

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

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

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

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

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

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

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

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

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

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

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

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2021***

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

2020 - 2021: There were no changes in benefit terms.

Changes in assumptions:

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

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

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

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

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

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

- The single discount rate changed from 3.56% to 2.96%.

***Notes to the Required Supplementary Information
For the Year Ended December 31, 2021***

TOTAL OPEB LIABILITY – SINGLE EMPLOYER PLAN

RETIREE LIFE INSURANCE PLAN

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

Changes in assumptions:

2018: The single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 disabled retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, INTERNAL
SERVICE FUNDS AND FIDUCIARY FUNDS.*

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts, debt service, or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

One Renaissance Center Fund

To account for revenues and expenditures related to the City-owned office tower known as One Renaissance Center. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Unclaimed Monies Fund

To account for the receipt of monies unable to be returned or distributed. The City will hold the receipts for the statutory period and then the monies will be disbursed to the State of Ohio. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Convention and Visitor's Bureau Fund

To account for the Hotel/Motel tax levied on guests of the City where 50% of such tax monies are distributed to the Convention and Visitor's Bureau and 50% is distributed to the City.

Central Business Special Improvement District Fund

To account for the receiving and disbursing of special assessments levied upon real property within the Hamilton Central Business Special Improvement District. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Fire Insurance Deposit Escrow Fund

To account for deposits and reimbursements held for fire damage as prescribed by Ohio Revised Code. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Municipal Court Improvement Fund

To account for an extra five dollar fee charged by the municipal court on all cases. The money received from this fee is restricted for computerization projects within the municipal court.

Public Safety/Health Income Tax Fund

To account for revenue from 0.25% of the City's income tax restricted to expenditures for health and public safety.

Coronavirus Relief Fund

This fund is used to account for Coronavirus Relief funds received through passage of the CARES Act. These funds can be used for necessary expenditures incurred due to the Covid-19 public health emergency. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

Special Revenue Funds (Continued)

Dispute Resolution Proceeds Fund

To account for the collection of certain fees imposed by Municipal Court. These are restricted to dispute resolution.

Safety Services Fund

To account for all monies restricted for public safety services including crime prevention, youth intervention, drug education and helmet and seatbelt safety.

Police Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

Police Levy Fund

To account for monies from the one-mill levy to provide additional police personnel, motor vehicles and equipment of the police division.

Firemen's Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

Fire EMS Levy Fund

To account for monies from the one-mill levy to provide and maintain an additional front line paramedic unit with the fire division.

Street Levy Fund

To account for a 3.9 mill, 10 year property tax levy which is used to fund street improvements.

Coronavirus State and Local Fiscal Recovery Funds (SLFRF) Fund

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

Champions Mill Sports Complex TIF Fund

To account for service payments in lieu of taxes levied by the City and remitted to the Hamilton Community Authority pursuant to a cooperative agreement. (The Statement of Revenues, Expenditures and Changes in Fund Balances is not presented because there were no revenues or expenditures during the year. This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.).

Stormwater Management Fund

To account for the planning, construction, operation and maintenance of storm water devices.

(Continued)

Special Revenue Funds (Continued)

Refuse Fund

To account for revenues collected to help fund the refuse collection activity of the City. Revenue collected is committed to defray the cost of refuse collection.

Street Maintenance Fund

To account for state levied and controlled gasoline tax and motor vehicle license fees restricted for local street construction, maintenance and repair.

Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repairs. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Maintenance Fund on a GAAP basis.)

Land Reutilization Fund

To account for State grants from the Moving Ohio Forward program to be used for demolition of vacant, abandoned and blighted properties in the City.

Home Program Fund

To account for federal grants restricted for improvement of the community's housing stock.

Parking Fund

To account for revenues and expenditures associated with the operation of City-owned parking facilities.

Golf Course Fund

To account for revenues and expenditures associated with the operation of two City-owned golf courses.

Community Development Block Grant Fund

To account for federal grants restricted for community and environmental improvements.

Debt Service Funds

The Debt Service Funds are used to account for retirement of the County's general obligation bonds, special assessment bonds and loans other than those financed by proprietary funds.

Debt Service Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

(Continued)

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Special Assessment Fund

To account for revenues and expenditures associated with the levy of special assessments on citizen's property.

Municipal Improvement Tax Increment Equivalent (MITIE) Fund

To account for monies deposited as service payments in lieu of taxes distributed by the County Treasurer for improvements exempt from taxation and for their related costs. To account for the deposit of any income tax revenue that has been dedicated to finance the aforementioned improvements.

Governmental Building Sale Proceeds Fund

To account for proceeds from the sale of the Hamilton Government Building. A portion of the proceeds were used for infrastructure improvements, and a portion was loaned to developers of the Spooky Nook project.

Issue II Projects Fund

To account for road and bridge construction projects, partially funded by state grants from the Ohio Public Works Commission, pursuant to Auditor of State specifications. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Infrastructure Program Fund

To account for the purpose of improving the City's infrastructure with proceeds from the issuance of gasoline tax revenue general obligation bonds and transfers from other funds.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not *the* principal, may be used to support the City's programs.

Benninghofen Trust Fund

To account for the investment revenues received and uses of the monies from a charitable bequest made to the City for use with the poor by the Benninghofen Family. The bequest cannot be used for any purpose other than generating investment income.

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds
	<u>Revenue Funds</u>	<u>Service Fund</u>	<u>Funds</u>
Assets:			
Equity in Pooled Cash and Investments	\$ 20,319,184	\$ 916,302	\$ 2,913,892
Receivables:			
Taxes	8,365,958	0	1,467,935
Accounts	1,118,733	0	0
Intergovernmental	2,234,669	0	0
Interest	1,591	0	0
Special Assessments	33,057	0	448,301
Loans	60,678	0	3,500,000
Inventory of Supplies, at Cost	70,532	0	0
Prepaid Items	42,403	0	0
Total Assets	\$ 32,246,805	\$ 916,302	\$ 8,330,128
Liabilities:			
Accounts Payable	\$ 966,902	\$ 0	\$ 86,403
Accrued Wages and Benefits Payable	130,550	0	0
Intergovernmental Payable	81,246	0	0
Accrued Liabilities	51,761	0	0
Customer Deposits	3,360	0	0
Interfund Payable	0	0	1,929,566
Due to Hamilton Community Authority	1,057,870	0	0
Unearned Revenue	8,295,100	0	0
Total Liabilities	10,586,789	0	2,015,969
Deferred Inflows of Resources:			
Unavailable Amounts	2,800,968	0	634,313
Property Tax Levy for Next Fiscal Year	5,701,184	0	1,281,923
Total Deferred Inflows of Resources	8,502,152	0	1,916,236
Fund Balance:			
Nonspendable	112,935	0	0
Restricted	11,085,577	0	445,375
Committed	1,976,869	0	0
Assigned	0	916,302	5,260,837
Unassigned	(17,517)	0	(1,308,289)
Total Fund Balance	13,157,864	916,302	4,397,923
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 32,246,805	\$ 916,302	\$ 8,330,128

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:		
Equity in Pooled Cash and Investments	\$ 75,104	\$ 24,224,482
Receivables:		
Taxes	0	9,833,893
Accounts	0	1,118,733
Intergovernmental	0	2,234,669
Interest	0	1,591
Special Assessments	0	481,358
Loans	0	3,560,678
Inventory of Supplies, at Cost	0	70,532
Prepaid Items	0	42,403
Total Assets	\$ 75,104	\$ 41,568,339
Liabilities:		
Accounts Payable	\$ 104	\$ 1,053,409
Accrued Wages and Benefits Payable	0	130,550
Intergovernmental Payable	0	81,246
Accrued Liabilities	0	51,761
Customer Deposits	0	3,360
Interfund Payable	0	1,929,566
Due to Hamilton Community Authority	0	1,057,870
Unearned Revenue	0	8,295,100
Total Liabilities	104	12,602,862
Deferred Inflows of Resources:		
Unavailable Amounts	0	3,435,281
Property Tax Levy for Next Fiscal Year	0	6,983,107
Total Deferred Inflows of Resources	0	10,418,388
Fund Balance:		
Nonspendable	75,000	187,935
Restricted	0	11,530,952
Committed	0	1,976,869
Assigned	0	6,177,139
Unassigned	0	(1,325,806)
Total Fund Balance	75,000	18,547,089
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 75,104	\$ 41,568,339

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds
Revenues:			
Income Taxes	\$ 3,894,281	\$ 0	\$ 0
Property and Other Local Taxes	5,779,911	0	1,281,924
Intergovernmental Revenues	5,268,211	0	2,412,911
Charges for Services	8,746,301	0	0
Licenses and Permits	715,255	0	0
Investment Earnings	(84,900)	0	(24,656)
Special Assessments	136,097	0	614,554
Fines and Forfeitures	332,105	0	0
All Other Revenue	471,877	0	268,292
Total Revenues	<u>25,259,138</u>	<u>0</u>	<u>4,553,025</u>
Expenditures:			
Current:			
General Government	434,730	0	0
Security of Persons and Property	4,241,335	0	0
Leisure Time Activities	238,740	0	0
Community Environment	1,696,002	0	0
Basic Utility Services	9,930,361	0	0
Transportation	4,814,747	0	0
Capital Outlay	0	0	6,023,858
Debt Service:			
Principal Retirement	243,996	1,353,212	0
Interest and Fiscal Charges	148,536	1,461,040	0
Total Expenditures	<u>21,748,447</u>	<u>2,814,252</u>	<u>6,023,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,510,691	(2,814,252)	(1,470,833)
Other Financing Sources (Uses):			
Sale of Capital Assets	61,482	0	0
OWDA Loans Issued	1,419,405	0	0
Transfers In	379,031	2,044,261	2,206,213
Transfers Out	(871,476)	0	(1,137,457)
Total Other Financing Sources (Uses)	<u>988,442</u>	<u>2,044,261</u>	<u>1,068,756</u>
Net Change in Fund Balance	4,499,133	(769,991)	(402,077)
Fund Balance at Beginning of Year	8,635,266	1,686,293	4,800,000
Increase in Inventory	23,465	0	0
Fund Balance End of Year	<u>\$ 13,157,864</u>	<u>\$ 916,302</u>	<u>\$ 4,397,923</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:		
Income Taxes	\$ 0	\$ 3,894,281
Property and Other Local Taxes	0	7,061,835
Intergovernmental Revenues	0	7,681,122
Charges for Services	0	8,746,301
Licenses and Permits	0	715,255
Investment Earnings	409	(109,147)
Special Assessments	0	750,651
Fines and Forfeitures	0	332,105
All Other Revenue	0	740,169
Total Revenues	409	29,812,572
Expenditures:		
Current:		
General Government	408	435,138
Security of Persons and Property	0	4,241,335
Leisure Time Activities	0	238,740
Community Environment	0	1,696,002
Basic Utility Services	0	9,930,361
Transportation	0	4,814,747
Capital Outlay	0	6,023,858
Debt Service:		
Principal Retirement	0	1,597,208
Interest and Fiscal Charges	0	1,609,576
Total Expenditures	408	30,586,965
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	1	(774,393)
Other Financing Sources (Uses):		
Sale of Capital Assets	0	61,482
OWDA Loans Issued	0	1,419,405
Transfers In	0	4,629,505
Transfers Out	0	(2,008,933)
Total Other Financing Sources (Uses)	0	4,101,459
Net Change in Fund Balance	1	3,327,066
Fund Balance at Beginning of Year	74,999	15,196,558
Increase in Inventory	0	23,465
Fund Balance End of Year	\$ 75,000	\$ 18,547,089

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021***

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Assets:				
Equity in Pooled Cash and Investments	\$ 42,257	\$ 0	\$ 213,840	\$ 423,696
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Special Assessments	0	33,057	0	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 42,257	\$ 33,057	\$ 213,840	\$ 423,696
Liabilities:				
Accounts Payable	\$ 31,250	\$ 0	\$ 0	\$ 4,910
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	33,057	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	31,250	33,057	0	4,910
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	11,007	0	213,840	418,786
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balance	11,007	0	213,840	418,786
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 42,257	\$ 33,057	\$ 213,840	\$ 423,696

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021***

	Public Safety/Health Income Tax	Dispute Resolution Proceeds	Safety Services	Police Pension
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Equity in Pooled Cash and Investments	\$ 1,469,539	\$ 43,182	\$ 2,111,037	\$ 402,915
Receivables:				
Taxes	779,641	0	939,901	281,970
Accounts	0	0	0	0
Intergovernmental	0	0	69,483	21,108
Interest	0	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	<u><u>\$ 2,249,180</u></u>	<u><u>\$ 43,182</u></u>	<u><u>\$ 3,120,421</u></u>	<u><u>\$ 705,993</u></u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 3,251	\$ 0
Accrued Wages and Benefits Payable	0	0	10,247	0
Intergovernmental Payable	0	49	2,957	0
Accrued Liabilities	51,761	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	<u>51,761</u>	<u>49</u>	<u>16,455</u>	<u>0</u>
Deferred Inflows of Resources:				
Unavailable Amounts	418,895	0	188,584	56,838
Property Tax Levy for Next Fiscal Year	0	0	820,800	246,240
Total Deferred Inflows of Resources	<u>418,895</u>	<u>0</u>	<u>1,009,384</u>	<u>303,078</u>
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	1,778,524	43,133	2,094,582	402,915
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balance	<u>1,778,524</u>	<u>43,133</u>	<u>2,094,582</u>	<u>402,915</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 2,249,180</u></u>	<u><u>\$ 43,182</u></u>	<u><u>\$ 3,120,421</u></u>	<u><u>\$ 705,993</u></u>

(Continued)

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021**

	Police Levy	Firemen's Pension	Fire EMS Levy	Street Levy
Assets:				
Equity in Pooled Cash and Investments	\$ 1,037,332	\$ 376,359	\$ 1,037,334	\$ 2,357,260
Receivables:				
Taxes	754,248	281,970	754,248	3,516,110
Accounts	0	0	0	0
Intergovernmental	41,265	16,030	41,265	44,894
Interest	0	0	0	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 1,832,845	\$ 674,359	\$ 1,832,847	\$ 5,918,264
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 280,905
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	0	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	0	0	0	280,905
Deferred Inflows of Resources:				
Unavailable Amounts	136,841	51,760	136,841	490,444
Property Tax Levy for Next Fiscal Year	658,672	246,240	658,672	3,070,560
Total Deferred Inflows of Resources	795,513	298,000	795,513	3,561,004
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	1,037,332	376,359	1,037,334	2,076,355
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balance	1,037,332	376,359	1,037,334	2,076,355
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,832,845	\$ 674,359	\$ 1,832,847	\$ 5,918,264

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021**

	SLFRF	Champions Mill Sports Complex TIF	Stormwater Management	Refuse
Assets:				
Equity in Pooled Cash and Investments	\$ 8,277,583	\$ 0	\$ 339,503	\$ 1,016,974
Receivables:				
Taxes	0	1,057,870	0	0
Accounts	0	0	344,055	687,955
Intergovernmental	0	0	0	0
Interest	0	0	393	0
Special Assessments	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	7,042
Total Assets	\$ 8,277,583	\$ 1,057,870	\$ 683,951	\$ 1,711,971
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 41,221	\$ 305,409
Accrued Wages and Benefits Payable	0	0	29,968	30,145
Intergovernmental Payable	0	0	11,259	11,348
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	1,057,870	0	0
Unearned Revenue	8,295,100	0	0	0
Total Liabilities	8,295,100	1,057,870	82,448	346,902
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balance:				
Nonspendable	0	0	0	7,042
Restricted	0	0	0	0
Committed	0	0	601,503	1,358,027
Unassigned	(17,517)	0	0	0
Total Fund Balance	(17,517)	0	601,503	1,365,069
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 8,277,583	\$ 1,057,870	\$ 683,951	\$ 1,711,971

(Continued)

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021***

	Street Maintenance	Land Reutilization	Home Program	Parking
Assets:				
Equity in Pooled Cash and Investments	\$ 979,797	\$ 20,853	\$ 83,204	\$ 39,871
Receivables:				
Taxes	0	0	0	0
Accounts	25,512	0	0	61,211
Intergovernmental	1,528,488	236,108	0	0
Interest	1,148	0	0	45
Special Assessments	0	0	0	0
Loans	0	0	7,771	0
Inventory of Supplies, at Cost	70,532	0	0	0
Prepaid Items	21,861	0	0	0
Total Assets	\$ 2,627,338	\$ 256,961	\$ 90,975	\$ 101,127
Liabilities:				
Accounts Payable	\$ 193,123	\$ 0	\$ 0	\$ 12,225
Accrued Wages and Benefits Payable	49,271	865	144	5,069
Intergovernmental Payable	18,521	491	47	1,929
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	3,360
Due to Hamilton Community Authority	0	0	0	0
Unearned Revenue	0	0	0	0
Total Liabilities	260,915	1,356	191	22,583
Deferred Inflows of Resources:				
Unavailable Amounts	962,768	236,108	7,771	61,211
Property Tax Levy for Next Fiscal Year	0	0	0	0
Total Deferred Inflows of Resources	962,768	236,108	7,771	61,211
Fund Balance:				
Nonspendable	92,393	0	0	0
Restricted	1,311,262	19,497	83,013	0
Committed	0	0	0	17,333
Unassigned	0	0	0	0
Total Fund Balance	1,403,655	19,497	83,013	17,333
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,627,338	\$ 256,961	\$ 90,975	\$ 101,127

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2021***

	<u>Golf Course</u>	<u>Community Development Block Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
Assets:			
Equity in Pooled Cash and Investments	\$ 6,125	\$ 40,523	\$ 20,319,184
Receivables:			
Taxes	0	0	8,365,958
Accounts	0	0	1,118,733
Intergovernmental	0	236,028	2,234,669
Interest	5	0	1,591
Special Assessments	0	0	33,057
Loans	0	52,907	60,678
Inventory of Supplies, at Cost	0	0	70,532
Prepaid Items	0	13,500	42,403
Total Assets	<u>\$ 6,130</u>	<u>\$ 342,958</u>	<u>\$ 32,246,805</u>
Liabilities:			
Accounts Payable	\$ 75	\$ 94,533	\$ 966,902
Accrued Wages and Benefits Payable	4,554	287	130,550
Intergovernmental Payable	1,495	93	81,246
Accrued Liabilities	0	0	51,761
Customer Deposits	0	0	3,360
Due to Hamilton Community Authority	0	0	1,057,870
Unearned Revenue	0	0	8,295,100
Total Liabilities	<u>6,124</u>	<u>94,913</u>	<u>10,586,789</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	52,907	2,800,968
Property Tax Levy for Next Fiscal Year	0	0	5,701,184
Total Deferred Inflows of Resources	<u>0</u>	<u>52,907</u>	<u>8,502,152</u>
Fund Balance:			
Nonspendable	0	13,500	112,935
Restricted	0	181,638	11,085,577
Committed	6	0	1,976,869
Unassigned	0	0	(17,517)
Total Fund Balance	<u>6</u>	<u>195,138</u>	<u>13,157,864</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 6,130</u>	<u>\$ 342,958</u>	<u>\$ 32,246,805</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	73,507	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	79,976
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	(3,607)
Special Assessments	0	136,097	0	0
Fines and Forfeitures	0	0	0	61,337
All Other Revenue	0	0	76,032	0
Total Revenues	73,507	136,097	76,032	137,706
Expenditures:				
Current:				
General Government	62,500	0	11,570	0
Security of Persons and Property	0	0	0	82,456
Leisure Time Activities	0	0	0	0
Community Environment	0	136,097	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	62,500	136,097	11,570	82,456
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,007	0	64,462	55,250
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	11,007	0	64,462	55,250
Fund Balance at Beginning of Year	0	0	149,378	363,536
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 11,007	\$ 0	\$ 213,840	\$ 418,786

CITY OF HAMILTON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021**

	Public Safety/Health Income Tax	Coronavirus Relief	Dispute Resolution Proceeds	Safety Services
Revenues:				
Income Taxes	\$ 3,894,281	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	821,496
Intergovernmental Revenues	0	0	0	117,758
Charges for Services	0	0	7,494	20,712
Licenses and Permits	0	0	0	0
Investment Earnings	(9,079)	(3,787)	(362)	(12,766)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	270,768
All Other Revenue	0	0	0	61,722
Total Revenues	3,885,202	(3,787)	7,132	1,279,690
Expenditures:				
Current:				
General Government	0	356,162	4,498	0
Security of Persons and Property	3,289,000	0	0	516,399
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	3,289,000	356,162	4,498	516,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	596,202	(359,949)	2,634	763,291
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	37,056
OWDA Loans Issued	0	0	0	0
Transfers In	0	0	0	80,000
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	117,056
Net Change in Fund Balance	596,202	(359,949)	2,634	880,347
Fund Balance at Beginning of Year	1,182,322	359,949	40,499	1,214,235
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 1,778,524	\$ 0	\$ 43,133	\$ 2,094,582

(Continued)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Police Pension	Police Levy	Firemen's Pension	Fire EMS Levy
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	246,449	659,368	246,449	659,368
Intergovernmental Revenues	42,310	82,770	32,153	82,770
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	(1,943)	(5,144)	(1,773)	(5,144)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	0
Total Revenues	286,816	736,994	276,829	736,994
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	43,956	132,784	43,956	132,784
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	43,956	132,784	43,956	132,784
Excess (Deficiency) of Revenues Over (Under) Expenditures	242,860	604,210	232,873	604,210
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	242,860	604,210	232,873	604,210
Fund Balance at Beginning of Year	160,055	433,122	143,486	433,124
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 402,915	\$ 1,037,332	\$ 376,359	\$ 1,037,334

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Street Levy	SLFRF	Stormwater Management	Refuse
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	3,073,274	0	0	0
Intergovernmental Revenues	90,544	0	0	0
Charges for Services	0	0	2,999,839	5,121,453
Licenses and Permits	0	0	0	0
Investment Earnings	(4,988)	(17,517)	(5,223)	(9,359)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	51,505	63,848
Total Revenues	3,158,830	(17,517)	3,046,121	5,175,942
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	4,805,414	5,124,947
Transportation	1,082,475	0	0	0
Debt Service:				
Principal Retirement	0	0	63,889	0
Interest and Fiscal Charges	0	0	74,611	0
Total Expenditures	1,082,475	0	4,943,914	5,124,947
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,076,355	(17,517)	(1,897,793)	50,995
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
OWDA Loans Issued	0	0	1,419,405	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	1,419,405	0
Net Change in Fund Balance	2,076,355	(17,517)	(478,388)	50,995
Fund Balance at Beginning of Year	0	0	1,079,891	1,314,074
Increase in Inventory	0	0	0	0
Fund Balance End of Year	\$ 2,076,355	\$ (17,517)	\$ 601,503	\$ 1,365,069

(Continued)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Street Maintenance	Land Reutilization	Home Program	Parking
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	0
Intergovernmental Revenues	3,393,462	0	158,611	0
Charges for Services	222,610	0	0	276,688
Licenses and Permits	715,255	0	0	0
Investment Earnings	(1,156)	(97)	(695)	(173)
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	21,504	0	21,282	4,711
Total Revenues	4,351,675	(97)	179,198	281,226
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	57,742	172,100	0
Basic Utility Services	0	0	0	0
Transportation	3,435,359	0	0	296,913
Debt Service:				
Principal Retirement	0	0	0	171,872
Interest and Fiscal Charges	0	0	0	69,493
Total Expenditures	3,435,359	57,742	172,100	538,278
Excess (Deficiency) of Revenues Over (Under) Expenditures	916,316	(57,839)	7,098	(257,052)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	24,426	0	0
OWDA Loans Issued	0	0	0	0
Transfers In	0	45,000	0	241,365
Transfers Out	(871,476)	0	0	0
Total Other Financing Sources (Uses)	(871,476)	69,426	0	241,365
Net Change in Fund Balance	44,840	11,587	7,098	(15,687)
Fund Balance at Beginning of Year	1,335,350	7,910	75,915	33,020
Increase in Inventory	23,465	0	0	0
Fund Balance End of Year	\$ 1,403,655	\$ 19,497	\$ 83,013	\$ 17,333

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Golf Course	Community Development Block Grant	Total Nonmajor Special Revenue Funds
Revenues:			
Income Taxes	\$ 0	\$ 0	\$ 3,894,281
Property and Other Local Taxes	0	0	5,779,911
Intergovernmental Revenues	0	1,267,833	5,268,211
Charges for Services	17,529	0	8,746,301
Licenses and Permits	0	0	715,255
Investment Earnings	(677)	(1,410)	(84,900)
Special Assessments	0	0	136,097
Fines and Forfeitures	0	0	332,105
All Other Revenue	131,136	40,137	471,877
Total Revenues	<u>147,988</u>	<u>1,306,560</u>	<u>25,259,138</u>
Expenditures:			
Current:			
General Government	0	0	434,730
Security of Persons and Property	0	0	4,241,335
Leisure Time Activities	238,740	0	238,740
Community Environment	0	1,330,063	1,696,002
Basic Utility Services	0	0	9,930,361
Transportation	0	0	4,814,747
Debt Service:			
Principal Retirement	8,235	0	243,996
Interest and Fiscal Charges	4,432	0	148,536
Total Expenditures	<u>251,407</u>	<u>1,330,063</u>	<u>21,748,447</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103,419)	(23,503)	3,510,691
Other Financing Sources (Uses):			
Sale of Capital Assets	0	0	61,482
OWDA Loans Issued	0	0	1,419,405
Transfers In	12,666	0	379,031
Transfers Out	0	0	(871,476)
Total Other Financing Sources (Uses)	<u>12,666</u>	<u>0</u>	<u>988,442</u>
Net Change in Fund Balance	(90,753)	(23,503)	4,499,133
Fund Balance at Beginning of Year	90,759	218,641	8,635,266
Increase in Inventory	0	0	23,465
Fund Balance End of Year	<u>\$ 6</u>	<u>\$ 195,138</u>	<u>\$ 13,157,864</u>

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021**

	Special Assessment	MITIE	Governmental Building Sale Proceeds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Equity in Pooled Cash and Investments	\$ 654,415	\$ 445,375	\$ 69,205
Receivables:			
Taxes	0	1,467,935	0
Special Assessments	448,301	0	0
Loans	0	0	3,500,000
Total Assets	<u>\$ 1,102,716</u>	<u>\$ 1,913,310</u>	<u>\$ 3,569,205</u>
Liabilities:			
Accounts Payable	\$ 33,138	\$ 0	\$ 22,144
Interfund Payable	1,929,566	0	0
Total Liabilities	<u>1,962,704</u>	<u>0</u>	<u>22,144</u>
Deferred Inflows of Resources:			
Unavailable Amounts	448,301	186,012	0
Property Tax Levy for Next Fiscal Year	0	1,281,923	0
Total Deferred Inflows of Resources	<u>448,301</u>	<u>1,467,935</u>	<u>0</u>
Fund Balance:			
Restricted	0	445,375	0
Assigned	0	0	3,547,061
Unassigned	(1,308,289)	0	0
Total Fund Balance	<u>(1,308,289)</u>	<u>445,375</u>	<u>3,547,061</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,102,716</u>	<u>\$ 1,913,310</u>	<u>\$ 3,569,205</u>

CITY OF HAMILTON, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2021***

	Infrastructure Program	Total Nonmajor Capital Projects Funds
Assets:		
Equity in Pooled Cash and Investments	\$ 1,744,897	\$ 2,913,892
Receivables:		
Taxes	0	1,467,935
Special Assessments	0	448,301
Loans	0	3,500,000
Total Assets	\$ 1,744,897	\$ 8,330,128
Liabilities:		
Accounts Payable	\$ 31,121	\$ 86,403
Interfund Payable	0	1,929,566
Total Liabilities	31,121	2,015,969
Deferred Inflows of Resources:		
Unavailable Amounts	0	634,313
Property Tax Levy for Next Fiscal Year	0	1,281,923
Total Deferred Inflows of Resources	0	1,916,236
Fund Balance:		
Restricted	0	445,375
Assigned	1,713,776	5,260,837
Unassigned	0	(1,308,289)
Total Fund Balance	1,713,776	4,397,923
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,744,897	\$ 8,330,128

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

	Special Assessment	MITIE	Governmental Building Sale Proceeds
Revenues:			
Property and Other Local Taxes	\$ 0	\$ 1,281,924	\$ 0
Intergovernmental Revenues	0	0	0
Investment Earnings	(2,588)	(4,652)	(1,767)
Special Assessments	614,554	0	0
All Other Revenue	0	0	0
Total Revenues	<u>611,966</u>	<u>1,277,272</u>	<u>(1,767)</u>
Expenditures:			
Capital Outlay	571,287	759,577	189,212
Total Expenditures	<u>571,287</u>	<u>759,577</u>	<u>189,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,679	517,695	(190,979)
Other Financing Sources (Uses):			
Transfers In	0	0	0
Transfers Out	(285,819)	(617,194)	0
Total Other Financing Sources (Uses)	<u>(285,819)</u>	<u>(617,194)</u>	<u>0</u>
Net Change in Fund Balance	(245,140)	(99,499)	(190,979)
Fund Balance at Beginning of Year	(1,063,149)	544,874	3,738,040
Fund Balance End of Year	<u>\$ (1,308,289)</u>	<u>\$ 445,375</u>	<u>\$ 3,547,061</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

	Issue II Projects	Infrastructure Program	Total Nonmajor Capital Project Funds
Revenues:			
Property and Other Local Taxes	\$ 0	\$ 0	\$ 1,281,924
Intergovernmental Revenues	477,941	1,934,970	2,412,911
Investment Earnings	0	(15,649)	(24,656)
Special Assessments	0	0	614,554
All Other Revenue	0	268,292	268,292
Total Revenues	<u>477,941</u>	<u>2,187,613</u>	<u>4,553,025</u>
Expenditures:			
Capital Outlay	477,941	4,025,841	6,023,858
Total Expenditures	<u>477,941</u>	<u>4,025,841</u>	<u>6,023,858</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,838,228)	(1,470,833)
Other Financing Sources (Uses):			
Transfers In	0	2,206,213	2,206,213
Transfers Out	0	(234,444)	(1,137,457)
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,971,769</u>	<u>1,068,756</u>
Net Change in Fund Balance	0	133,541	(402,077)
Fund Balance at Beginning of Year	<u>0</u>	<u>1,580,235</u>	<u>4,800,000</u>
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ 1,713,776</u>	<u>\$ 4,397,923</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund - General Fund
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 21,120,000	\$ 23,152,716	\$ 24,123,099	\$ 970,383
Property and Other Local Taxes	5,425,000	5,425,000	5,873,142	448,142
Intergovernmental Revenues	2,452,400	11,504,643	12,014,795	510,152
Charges for Services	15,550,568	15,550,568	14,127,415	(1,423,153)
Licenses and Permits	1,182,570	1,182,570	1,183,736	1,166
Investment Earnings	177,500	177,500	283,921	106,421
Fines and Forfeitures	397,016	397,016	429,403	32,387
All Other Revenue	296,220	327,529	659,272	331,743
Total Revenues	<u>46,601,274</u>	<u>57,717,542</u>	<u>58,694,783</u>	<u>977,241</u>
Expenditures:				
Security of Persons and Property:				
Municipal Court:				
Personal Services	1,725,147	1,657,359	1,546,627	110,732
Other Expenditures	321,430	454,177	402,932	51,245
Total Municipal Court	<u>2,046,577</u>	<u>2,111,536</u>	<u>1,949,559</u>	<u>161,977</u>
Police:				
Personal Services	15,743,215	15,328,592	15,119,432	209,160
Other Expenditures	1,435,214	1,543,753	1,550,638	(6,885)
Total Police	<u>17,178,429</u>	<u>16,872,345</u>	<u>16,670,070</u>	<u>202,275</u>
Fire:				
Personal Services	12,728,441	13,042,369	12,828,672	213,697
Other Expenditures	1,697,953	1,569,112	1,485,375	83,737
Total Fire	<u>14,426,394</u>	<u>14,611,481</u>	<u>14,314,047</u>	<u>297,434</u>
Total Security of Persons and Property	<u>33,651,400</u>	<u>33,595,362</u>	<u>32,933,676</u>	<u>661,686</u>
Public Health and Welfare Services:				
Health:				
Personal Services	692,102	692,101	680,615	11,486
Other Expenditures	407,064	779,585	370,370	409,215
Total Public Health and Welfare Services	<u>1,099,166</u>	<u>1,471,686</u>	<u>1,050,985</u>	<u>420,701</u>

(Continued)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund - General Fund
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Department of Planning:				
Personal Services	972,959	961,058	885,725	75,333
Other Expenditures	169,553	156,109	123,241	32,868
Total Department of Planning	<u>1,142,512</u>	<u>1,117,167</u>	<u>1,008,966</u>	<u>108,201</u>
CDBG:				
Other Expenditures	55,376	29,000	8,000	21,000
Total CDBG	<u>55,376</u>	<u>29,000</u>	<u>8,000</u>	<u>21,000</u>
Total Community Environment	<u>1,197,888</u>	<u>1,146,167</u>	<u>1,016,966</u>	<u>129,201</u>
Basic Utility Services:				
Public Works:				
Personal Services	1,194,160	1,209,412	1,203,736	5,676
Other Expenditures	267,947	244,021	191,636	52,385
Total Basic Utility Services	<u>1,462,107</u>	<u>1,453,433</u>	<u>1,395,372</u>	<u>58,061</u>
General Government:				
City Council:				
Personal Services	79,745	86,844	81,317	5,527
Other Expenditures	8,107	8,013	5,760	2,253
Total City Council	<u>87,852</u>	<u>94,857</u>	<u>87,077</u>	<u>7,780</u>
City Clerk:				
Personal Services	79,126	129,175	125,950	3,225
Other Expenditures	24,244	17,950	13,864	4,086
Total City Clerk	<u>103,370</u>	<u>147,125</u>	<u>139,814</u>	<u>7,311</u>
City Manager:				
Personal Services	389,923	504,739	502,674	2,065
Other Expenditures	9,135	10,140	9,976	164
Total City Manager	<u>399,058</u>	<u>514,879</u>	<u>512,650</u>	<u>2,229</u>
Neighborhoods:				
Personal Services	407,849	407,825	407,512	313
Other Expenditures	104,954	171,788	162,834	8,954
Total Neighborhoods	<u>512,803</u>	<u>579,613</u>	<u>570,346</u>	<u>9,267</u>
Department of Law:				
Personal Services	480,512	513,102	510,365	2,737
Other Expenditures	374,937	610,012	506,562	103,450
Total Department of Law	<u>855,449</u>	<u>1,123,114</u>	<u>1,016,927</u>	<u>106,187</u>

(Continued)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund - General Fund
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Department of Civil Service:				
Personal Services	405,188	435,988	433,013	2,975
Other Expenditures	16,730	13,295	4,090	9,205
Total Department of Civil Service	<u>421,918</u>	<u>449,283</u>	<u>437,103</u>	<u>12,180</u>
Finance:				
Personal Services	1,361,620	1,409,308	1,402,015	7,293
Other Expenditures	979,302	1,104,773	930,470	174,303
Total Finance	<u>2,340,922</u>	<u>2,514,081</u>	<u>2,332,485</u>	<u>181,596</u>
Special Appropriations - General:				
Personal Services	179,670	189,670	174,571	15,099
Other Expenditures	4,558,337	9,211,044	8,766,960	444,084
Total Special Appropriations - General	<u>4,738,007</u>	<u>9,400,714</u>	<u>8,941,531</u>	<u>459,183</u>
Special Appropriations:				
Personal Services	88,434	88,434	90,310	(1,876)
Other Expenditures	1,265,268	2,358,258	2,276,036	82,222
Total Special Appropriations	<u>1,353,702</u>	<u>2,446,692</u>	<u>2,366,346</u>	<u>80,346</u>
Total General Government	<u>10,813,081</u>	<u>17,270,358</u>	<u>16,404,279</u>	<u>866,079</u>
Total Expenditures	<u>48,223,642</u>	<u>54,937,006</u>	<u>52,801,278</u>	<u>2,135,728</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,622,368)	2,780,536	5,893,505	3,112,969
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	1,978	1,978
Transfers Out	(920,000)	(10,712,200)	(10,712,199)	1
Total Other Financing Sources (Uses)	<u>(920,000)</u>	<u>(10,712,200)</u>	<u>(10,710,221)</u>	<u>1,979</u>
Net Change in Fund Balance	(2,542,368)	(7,931,664)	(4,816,716)	3,114,948
Fund Balance at Beginning of Year	12,156,980	12,156,980	12,156,980	0
Prior Year Encumbrances	952,990	952,990	952,990	0
Fund Balance at End of Year	<u>\$ 10,567,602</u>	<u>\$ 5,178,306</u>	<u>\$ 8,293,254</u>	<u>\$ 3,114,948</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Health Department Fund
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 70	\$ 70	\$ 69	\$ (1)
All Other Revenue	1,425	1,425	1,475	50
Total Revenues	1,495	1,495	1,544	49
Expenditures:				
Public Health and Welfare Services:				
Other Expenditures	500	500	0	500
Total Expenditures	500	500	0	500
Net Change in Fund Balance	995	995	1,544	549
Fund Balance at Beginning of Year	11,217	11,217	11,217	0
Fund Balance at End of Year	\$ 12,212	\$ 12,212	\$ 12,761	\$ 549

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Hamilton Capital Improvement Fund
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 2,726,187	\$ 2,730,074	\$ 3,112,660	\$ 382,586
Intergovernmental Revenues	560,000	560,000	559,426	(574)
All Other Revenue	2,520,000	20,000	40,619	20,619
Total Revenues	<u>5,806,187</u>	<u>3,310,074</u>	<u>3,712,705</u>	<u>402,631</u>
Expenditures:				
Capital Outlay	15,675,429	24,367,509	22,206,354	2,161,155
Debt Service:				
Principal Retirement	1,000,000	1,000,000	1,000,000	0
Interest and Fiscal Charges	0	25,000	0	25,000
Total Expenditures	<u>16,675,429</u>	<u>25,392,509</u>	<u>23,206,354</u>	<u>2,186,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,869,242)	(22,082,435)	(19,493,649)	2,588,786
Other Financing Sources (Uses):				
Sale of Capital Assets	27,000	27,000	53,380	26,380
Bond Issuance	1,000,000	5,400,000	1,000,000	(4,400,000)
Transfers In	0	2,792,200	2,792,200	0
Transfers Out	(2,418,431)	(1,881,374)	(1,700,573)	180,801
Total Other Financing Sources (Uses)	<u>(1,391,431)</u>	<u>6,337,826</u>	<u>2,145,007</u>	<u>(4,192,819)</u>
Net Change in Fund Balance	(12,260,673)	(15,744,609)	(17,348,642)	(1,604,033)
Fund Balance at Beginning of Year	6,001,027	6,001,027	6,001,027	0
Prior Year Encumbrances	11,626,429	11,626,429	11,626,429	0
Fund Balance at End of Year	<u>\$ 5,366,783</u>	<u>\$ 1,882,847</u>	<u>\$ 278,814</u>	<u>\$ (1,604,033)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

ONE RENAISSANCE CENTER FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 2,193,950	\$ 2,193,950	\$ 2,270,648	\$ 76,698
Total Revenues	<u>2,193,950</u>	<u>2,193,950</u>	<u>2,270,648</u>	<u>76,698</u>
Expenditures:				
General Government:				
Other Expenditures	2,520,006	2,484,113	2,408,985	75,128
Total Expenditures	<u>2,520,006</u>	<u>2,484,113</u>	<u>2,408,985</u>	<u>75,128</u>
Net Change in Fund Balance	(326,056)	(290,163)	(138,337)	151,826
Fund Balance at Beginning of Year	756,288	756,288	756,288	0
Prior Year Encumbrances	409,051	409,051	409,051	0
Fund Balance at End of Year	<u>\$ 839,283</u>	<u>\$ 875,176</u>	<u>\$ 1,027,002</u>	<u>\$ 151,826</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

UNCLAIMED MONIES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenue	\$ 5,000	\$ 5,000	\$ 5,011	\$ 11
Total Revenues	5,000	5,000	5,011	11
Expenditures:				
General Government:				
Other Expenditures	20,000	20,000	4,084	15,916
Total Expenditures	20,000	20,000	4,084	15,916
Net Change in Fund Balance	(15,000)	(15,000)	927	15,927
Fund Balance at Beginning of Year	43,967	43,967	43,967	0
Fund Balance at End of Year	\$ 28,967	\$ 28,967	\$ 44,894	\$ 15,927

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

CONVENTION AND VISITOR'S BUREAU FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 100,000	\$ 100,000	\$ 73,507	\$ (26,493)
Total Revenues	100,000	100,000	73,507	(26,493)
Expenditures:				
General Government:				
Other Expenditures	100,000	100,000	62,500	37,500
Total Expenditures	100,000	100,000	62,500	37,500
Net Change in Fund Balance	0	0	11,007	11,007
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 11,007	\$ 11,007

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

MUNICIPAL COURT IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 76,485	\$ 76,485	\$ 79,976	\$ 3,491
Fines and Forfeitures	58,185	58,185	61,434	3,249
Total Revenues	134,670	134,670	141,410	6,740
Expenditures:				
Security of Persons and Property:				
Other Expenditures	152,561	161,500	134,776	26,724
Total Expenditures	152,561	161,500	134,776	26,724
Net Change in Fund Balance	(17,891)	(26,830)	6,634	33,464
Fund Balance at Beginning of Year	391,195	391,195	391,195	0
Prior Year Encumbrances	7,311	7,311	7,311	0
Fund Balance at End of Year	\$ 380,615	\$ 371,676	\$ 405,140	\$ 33,464

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

PUBLIC SAFETY/HEALTH INCOME TAX FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Income Taxes	\$ 3,413,984	\$ 3,413,984	\$ 3,890,820	\$ 476,836
Total Revenues	3,413,984	3,413,984	3,890,820	476,836
Expenditures:				
Security of Persons and Property:				
Other Expenditures	3,326,000	3,326,000	3,289,000	37,000
Total Expenditures	3,326,000	3,326,000	3,289,000	37,000
Net Change in Fund Balance	87,984	87,984	601,820	513,836
Fund Balance at Beginning of Year	870,829	870,829	870,829	0
Fund Balance at End of Year	\$ 958,813	\$ 958,813	\$ 1,472,649	\$ 513,836

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

CORONAVIRUS RELIEF FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Personal Services	0	5,953	5,953	0
Other Expenditures	552,528	546,575	546,575	0
Total Expenditures	552,528	552,528	552,528	0
Net Change in Fund Balance	(552,528)	(552,528)	(552,528)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	552,528	552,528	552,528	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISPUTE RESOLUTION PROCEEDS FUND				
Revenues:				
Charges for Services	\$ 6,950	\$ 6,950	\$ 7,470	\$ 520
Total Revenues	6,950	6,950	7,470	520
Expenditures:				
General Government:				
Personal Services	4,782	4,782	4,496	286
Other Expenditures	1,000	1,000	0	1,000
Total Expenditures	5,782	5,782	4,496	1,286
Net Change in Fund Balance	1,168	1,168	2,974	1,806
Fund Balance at Beginning of Year	39,647	39,647	39,647	0
Fund Balance at End of Year	\$ 40,815	\$ 40,815	\$ 42,621	\$ 1,806

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

SAFETY SERVICES FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 700,000	\$ 700,000	\$ 821,496	\$ 121,496
Intergovernmental Revenues	116,050	126,137	117,758	(8,379)
Charges for Services	20,300	20,300	20,712	412
Fines and Forfeitures	225,200	225,200	268,477	43,277
All Other Revenue	30,500	30,500	61,722	31,222
Total Revenues	1,092,050	1,102,137	1,290,165	188,028
Expenditures:				
Security of Persons and Property:				
Personal Services	312,480	292,480	276,513	15,967
Other Expenditures	956,900	960,795	276,351	684,444
Total Expenditures	1,269,380	1,253,275	552,864	700,411
Excess (Deficiency) of Revenues Over (Under) Expenditures	(177,330)	(151,138)	737,301	888,439
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	37,056	27,056
Transfers In	80,000	80,000	80,000	0
Total Other Financing Sources (Uses)	90,000	90,000	117,056	27,056
Net Change in Fund Balance	(87,330)	(61,138)	854,357	915,495
Fund Balance at Beginning of Year	1,205,947	1,205,947	1,205,947	0
Prior Year Encumbrances	11,270	11,270	11,270	0
Fund Balance at End of Year	\$ 1,129,887	\$ 1,156,079	\$ 2,071,574	\$ 915,495

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

POLICE PENSION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 210,000	\$ 210,000	\$ 246,449	\$ 36,449
Intergovernmental Revenues	30,000	30,000	42,310	12,310
Total Revenues	240,000	240,000	288,759	48,759
Expenditures:				
Security of Persons and Property:				
Other Expenditures	240,000	240,000	43,956	196,044
Total Expenditures	240,000	240,000	43,956	196,044
Net Change in Fund Balance	0	0	244,803	244,803
Fund Balance at Beginning of Year	158,965	158,965	158,965	0
Fund Balance at End of Year	\$ 158,965	\$ 158,965	\$ 403,768	\$ 244,803

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

POLICE LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 635,000	\$ 635,000	\$ 659,368	\$ 24,368
Intergovernmental Revenues	90,000	90,000	82,770	(7,230)
Total Revenues	725,000	725,000	742,138	17,138
Expenditures:				
Security of Persons and Property:				
Other Expenditures	725,000	725,000	132,784	592,216
Total Expenditures	725,000	725,000	132,784	592,216
Net Change in Fund Balance	0	0	609,354	609,354
Fund Balance at Beginning of Year	430,173	430,173	430,173	0
Fund Balance at End of Year	\$ 430,173	\$ 430,173	\$ 1,039,527	\$ 609,354

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

FIREMEN'S PENSION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 210,000	\$ 210,000	\$ 246,449	\$ 36,449
Intergovernmental Revenues	30,000	30,000	32,153	2,153
Total Revenues	240,000	240,000	278,602	38,602
Expenditures:				
Security of Persons and Property:				
Other Expenditures	240,000	240,000	43,956	196,044
Total Expenditures	240,000	240,000	43,956	196,044
Net Change in Fund Balance	0	0	234,646	234,646
Fund Balance at Beginning of Year	142,509	142,509	142,509	0
Fund Balance at End of Year	\$ 142,509	\$ 142,509	\$ 377,155	\$ 234,646

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

FIRE EMS LEVY FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 635,000	\$ 635,000	\$ 659,368	\$ 24,368
Intergovernmental Revenues	90,000	90,000	82,770	(7,230)
Total Revenues	725,000	725,000	742,138	17,138
Expenditures:				
Security of Persons and Property:				
Other Expenditures	725,000	725,000	132,784	592,216
Total Expenditures	725,000	725,000	132,784	592,216
Net Change in Fund Balance	0	0	609,354	609,354
Fund Balance at Beginning of Year	430,175	430,175	430,175	0
Fund Balance at End of Year	\$ 430,175	\$ 430,175	\$ 1,039,529	\$ 609,354

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

STREET LEVY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 3,200,000	\$ 3,161,020	\$ 3,073,274	\$ (87,746)
Intergovernmental Revenues	0	0	90,544	90,544
Total Revenues	3,200,000	3,161,020	3,163,818	2,798
Expenditures:				
Community Environment:				
Other Expenditures	3,200,000	3,161,020	3,161,020	0
Total Expenditures	3,200,000	3,161,020	3,161,020	0
Net Change in Fund Balance	0	0	2,798	2,798
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 2,798	\$ 2,798

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS (SLFRF) FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Intergovernmental Revenues	\$ 16,795,100	\$ 8,295,100	\$ 8,295,100	\$ 0
Total Revenues	<u>16,795,100</u>	<u>8,295,100</u>	<u>8,295,100</u>	<u>0</u>
Expenditures:				
General Government:				
Other Expenditures	16,795,100	8,295,100	0	8,295,100
Total Expenditures	<u>16,795,100</u>	<u>8,295,100</u>	<u>0</u>	<u>8,295,100</u>
Net Change in Fund Balance	0	0	8,295,100	8,295,100
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,295,100</u>	<u>\$ 8,295,100</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

STORMWATER MANAGEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 2,950,418	\$ 2,950,418	\$ 3,011,126	\$ 60,708
Investment Earnings	20,000	20,000	3,162	(16,838)
All Other Revenue	25,000	25,000	28,261	3,261
Total Revenues	2,995,418	2,995,418	3,042,549	47,131
Expenditures:				
Basic Utility Services:				
Personal Services	900,234	899,717	852,387	47,330
Other Expenditures	4,080,149	5,579,530	4,320,903	1,258,627
Debt Service:				
Principal Retirement	94,859	94,859	40,645	54,214
Interest and Fiscal Charges	83,305	83,305	74,611	8,694
Total Expenditures	5,158,547	6,657,411	5,288,546	1,368,865
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,163,129)	(3,661,993)	(2,245,997)	1,415,996
Other Financing Sources (Uses):				
OWDA Loan Proceeds	0	1,500,000	1,396,018	(103,982)
Note Issuance	1,362,000	1,362,000	0	(1,362,000)
Total Other Financing Sources (Uses)	1,362,000	2,862,000	1,396,018	(1,465,982)
Net Change in Fund Balance	(801,129)	(799,993)	(849,979)	(49,986)
Fund Balance at Beginning of Year	180,905	180,905	180,905	0
Prior Year Encumbrances	814,672	814,672	814,672	0
Fund Balance at End of Year	\$ 194,448	\$ 195,584	\$ 145,598	\$ (49,986)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	REFUSE FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 5,081,052	\$ 5,081,052	\$ 5,072,590	\$ (8,462)
All Other Revenue	74,000	74,000	63,848	(10,152)
Total Revenues	<u>5,155,052</u>	<u>5,155,052</u>	<u>5,136,438</u>	<u>(18,614)</u>
Expenditures:				
Basic Utility Services:				
Personal Services	919,166	966,166	933,878	32,288
Other Expenditures	4,677,911	4,614,923	4,557,452	57,471
Total Expenditures	<u>5,597,077</u>	<u>5,581,089</u>	<u>5,491,330</u>	<u>89,759</u>
Net Change in Fund Balance	(442,025)	(426,037)	(354,892)	71,145
Fund Balance at Beginning of Year	628,029	628,029	628,029	0
Prior Year Encumbrances	427,392	427,392	427,392	0
Fund Balance at End of Year	<u>\$ 613,396</u>	<u>\$ 629,384</u>	<u>\$ 700,529</u>	<u>\$ 71,145</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

STREET MAINTENANCE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 4,210,000	\$ 4,210,000	\$ 3,363,198	\$ (846,802)
Charges for Services	265,000	265,000	222,610	(42,390)
Licenses and Permits	390,000	390,000	429,190	39,190
Investment Earnings	3,000	3,000	5,791	2,791
All Other Revenue	11,000	11,000	9,428	(1,572)
Total Revenues	4,879,000	4,879,000	4,030,217	(848,783)
Expenditures:				
Transportation:				
Personal Services	1,612,086	1,610,150	1,521,844	88,306
Other Expenditures	2,137,457	2,066,053	2,036,022	30,031
Total Expenditures	3,749,543	3,676,203	3,557,866	118,337
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,129,457	1,202,797	472,351	(730,446)
Other Financing Sources (Uses):				
Transfers Out	(1,336,546)	(1,336,546)	(585,000)	751,546
Total Other Financing Sources (Uses)	(1,336,546)	(1,336,546)	(585,000)	751,546
Net Change in Fund Balance	(207,089)	(133,749)	(112,649)	21,100
Fund Balance at Beginning of Year	591,442	591,442	591,442	0
Prior Year Encumbrances	207,088	207,088	207,088	0
Fund Balance at End of Year	\$ 591,441	\$ 664,781	\$ 685,881	\$ 21,100

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 300,000	\$ 300,000	\$ 286,065	\$ (13,935)
Investment Earnings	200	200	411	211
Total Revenues	300,200	300,200	286,476	(13,724)
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,200	300,200	286,476	(13,724)
Other Financing Sources (Uses):				
Transfers Out	(300,000)	(300,000)	(286,476)	13,524
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(286,476)	13,524
Net Change in Fund Balance	200	200	0	(200)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 200	\$ 200	\$ 0	\$ (200)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

LAND REUTILIZATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Community Environment:				
Personal Services	50,994	50,994	49,026	1,968
Other Expenditures	30,000	30,000	10,520	19,480
Total Expenditures	80,994	80,994	59,546	21,448
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80,994)	(80,994)	(59,546)	21,448
Other Financing Sources (Uses):				
Sale of Capital Assets	18,000	18,000	24,426	6,426
Transfers In	65,000	65,000	45,000	(20,000)
Total Other Financing Sources (Uses)	83,000	83,000	69,426	(13,574)
Net Change in Fund Balance	2,006	2,006	9,880	7,874
Fund Balance at Beginning of Year	7,874	7,874	7,874	0
Fund Balance at End of Year	\$ 9,880	\$ 9,880	\$ 17,754	\$ 7,874

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	HOME PROGRAM FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,433,513	\$ 1,820,398	\$ 170,161	\$ (1,650,237)
All Other Revenue	210,401	285,401	21,282	(264,119)
Total Revenues	<u>1,643,914</u>	<u>2,105,799</u>	<u>191,443</u>	<u>(1,914,356)</u>
Expenditures:				
Community Environment:				
Personal Services	21,765	55,497	3,100	52,397
Other Expenditures	1,670,632	2,100,917	341,493	1,759,424
Total Expenditures	<u>1,692,397</u>	<u>2,156,414</u>	<u>344,593</u>	<u>1,811,821</u>
Net Change in Fund Balance	(48,483)	(50,615)	(153,150)	(102,535)
Fund Balance at Beginning of Year	(111,037)	(111,037)	(111,037)	0
Prior Year Encumbrances	186,844	186,844	186,844	0
Fund Balance at End of Year	<u>\$ 27,324</u>	<u>\$ 25,192</u>	<u>\$ (77,343)</u>	<u>\$ (102,535)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

	PARKING FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 334,000	\$ 334,000	\$ 276,688	\$ (57,312)
Investment Earnings	3,000	3,000	212	(2,788)
All Other Revenue	4,000	4,000	4,711	711
Total Revenues	<u>341,000</u>	<u>341,000</u>	<u>281,611</u>	<u>(59,389)</u>
Expenditures:				
Transportation:				
Personal Services	154,656	154,656	146,331	8,325
Other Expenditures	223,031	209,626	170,990	38,636
Debt Service:				
Principal Retirement	171,872	171,872	171,872	0
Interest and Fiscal Charges	69,493	69,493	69,493	0
Total Expenditures	<u>619,052</u>	<u>605,647</u>	<u>558,686</u>	<u>46,961</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(278,052)	(264,647)	(277,075)	(12,428)
Other Financing Sources (Uses):				
Transfers In	241,365	241,365	241,365	0
Total Other Financing Sources (Uses)	<u>241,365</u>	<u>241,365</u>	<u>241,365</u>	<u>0</u>
Net Change in Fund Balance	(36,687)	(23,282)	(35,710)	(12,428)
Fund Balance at Beginning of Year	2,097	2,097	2,097	0
Prior Year Encumbrances	41,042	41,042	41,042	0
Fund Balance at End of Year	<u>\$ 6,452</u>	<u>\$ 19,857</u>	<u>\$ 7,429</u>	<u>\$ (12,428)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

GOLF COURSE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 20,857	\$ 20,857	\$ 20,446	\$ (411)
Investment Earnings	1,500	1,500	148	(1,352)
All Other Revenue	345,585	345,585	131,136	(214,449)
Total Revenues	367,942	367,942	151,730	(216,212)
Expenditures:				
Leisure Time Activities:				
Personal Services	192,386	192,386	145,887	46,499
Other Expenditures	188,497	183,115	105,102	78,013
Debt Service:				
Principal Retirement	8,235	8,235	8,235	0
Interest and Fiscal Charges	4,432	4,432	4,432	0
Total Expenditures	393,550	388,168	263,656	124,512
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,608)	(20,226)	(111,926)	(91,700)
Other Financing Sources (Uses):				
Transfers In	12,667	12,667	12,666	(1)
Total Other Financing Sources (Uses)	12,667	12,667	12,666	(1)
Net Change in Fund Balance	(12,941)	(7,559)	(99,260)	(91,701)
Fund Balance at Beginning of Year	92,669	92,669	92,669	0
Prior Year Encumbrances	8,867	8,867	8,867	0
Fund Balance at End of Year	\$ 88,595	\$ 93,977	\$ 2,276	\$ (91,701)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021***

COMMUNITY DEVELOPMENT BLOCK GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,902,353	\$ 5,684,950	\$ 1,226,185	\$ (4,458,765)
Investment Earnings	185	685	174	(511)
All Other Revenue	341,468	616,468	40,137	(576,331)
Total Revenues	4,244,006	6,302,103	1,266,496	(5,035,607)
Expenditures:				
Community Environment:				
Personal Services	215,605	164,223	24,794	139,429
Other Expenditures	3,889,993	6,015,506	2,885,122	3,130,384
Total Expenditures	4,105,598	6,179,729	2,909,916	3,269,813
Net Change in Fund Balance	138,408	122,374	(1,643,420)	(1,765,794)
Fund Balance at Beginning of Year	(1,167,025)	(1,167,025)	(1,167,025)	0
Prior Year Encumbrances	1,385,840	1,385,840	1,385,840	0
Fund Balance at End of Year	\$ 357,223	\$ 341,189	\$ (1,424,605)	\$ (1,765,794)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2021***

DEBT SERVICE FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	1,594,433	1,594,433	1,559,382	35,051
Interest and Fiscal Charges	2,125,211	2,125,211	1,461,040	664,171
Total Expenditures	3,719,644	3,719,644	3,020,422	699,222
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,719,644)	(3,719,644)	(3,020,422)	699,222
Other Financing Sources (Uses):				
Transfers In	2,949,652	2,949,652	2,250,431	(699,221)
Total Other Financing Sources (Uses)	2,949,652	2,949,652	2,250,431	(699,221)
Net Change in Fund Balance	(769,992)	(769,992)	(769,991)	1
Fund Balance at Beginning of Year	1,686,293	1,686,293	1,686,293	0
Fund Balance at End of Year	\$ 916,301	\$ 916,301	\$ 916,302	\$ 1

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

SPECIAL ASSESSMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Special Assessments	\$ 1,900,000	\$ 614,555	\$ 614,554	\$ (1)
Total Revenues	1,900,000	614,555	614,554	(1)
Expenditures:				
Capital Outlay	1,104,950	1,164,609	1,164,609	0
Total Expenditures	1,104,950	1,164,609	1,164,609	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	795,050	(550,054)	(550,055)	(1)
Other Financing Sources (Uses):				
Transfers Out	(492,067)	(492,067)	(491,989)	78
Advances In	890,000	1,395,836	1,395,836	0
Advances Out	(500,000)	(500,000)	(500,000)	0
Total Other Financing Sources (Uses)	(102,067)	403,769	403,847	78
Net Change in Fund Balance	692,983	(146,285)	(146,208)	77
Fund Balance at Beginning of Year	70,598	70,598	70,598	0
Prior Year Encumbrances	104,950	104,950	104,950	0
Fund Balance at End of Year	\$ 868,531	\$ 29,263	\$ 29,340	\$ 77

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

MUNICIPAL IMPROVEMENT TAX INCREMENT EQUIVALENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 1,200,200	\$ 1,371,449	\$ 1,281,924	\$ (89,525)
Total Revenues	<u>1,200,200</u>	<u>1,371,449</u>	<u>1,281,924</u>	<u>(89,525)</u>
Expenditures:				
Capital Outlay	779,035	852,501	759,577	92,924
Total Expenditures	<u>779,035</u>	<u>852,501</u>	<u>759,577</u>	<u>92,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	421,165	518,948	522,347	3,399
Other Financing Sources (Uses):				
Transfers In	22,782	22,782	0	(22,782)
Transfers Out	(498,622)	(617,773)	(617,194)	579
Total Other Financing Sources (Uses)	<u>(475,840)</u>	<u>(594,991)</u>	<u>(617,194)</u>	<u>(22,203)</u>
Net Change in Fund Balance	(54,675)	(76,043)	(94,847)	(18,804)
Fund Balance at Beginning of Year	541,165	541,165	541,165	0
Fund Balance at End of Year	<u>\$ 486,490</u>	<u>\$ 465,122</u>	<u>\$ 446,318</u>	<u>\$ (18,804)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

GOVERNMENTAL BUILDING SALE PROCEEDS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	228,596	226,705	226,705	0
Total Expenditures	228,596	226,705	226,705	0
Net Change in Fund Balance	(228,596)	(226,705)	(226,705)	0
Fund Balance at Beginning of Year	7,823	7,823	7,823	0
Prior Year Encumbrances	228,596	228,596	228,596	0
Fund Balance at End of Year	<u>\$ 7,823</u>	<u>\$ 9,714</u>	<u>\$ 9,714</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

ISSUE II PROJECTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 2,706,982	\$ 3,137,541	\$ 2,922,763	\$ (214,778)
Total Revenues	2,706,982	3,137,541	2,922,763	(214,778)
Expenditures:				
Capital Outlay	2,706,982	3,137,541	2,922,763	214,778
Total Expenditures	2,706,982	3,137,541	2,922,763	214,778
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	(656,982)	(656,982)	(656,982)	0
Prior Year Encumbrances	656,982	656,982	656,982	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2021***

INFRASTRUCTURE PROGRAM FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 4,500,000	\$ 9,339,803	\$ 2,102,690	\$ (7,237,113)
All Other Revenue	0	0	268,292	268,292
Total Revenues	<u>4,500,000</u>	<u>9,339,803</u>	<u>2,370,982</u>	<u>(6,968,821)</u>
Expenditures:				
Capital Outlay	10,378,359	13,387,064	6,738,199	6,648,865
Total Expenditures	<u>10,378,359</u>	<u>13,387,064</u>	<u>6,738,199</u>	<u>6,648,865</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,878,359)	(4,047,261)	(4,367,217)	(319,956)
Other Financing Sources (Uses):				
Transfers In	2,832,711	2,832,711	2,206,213	(626,498)
Transfers Out	(238,510)	(235,077)	(234,444)	633
Total Other Financing Sources (Uses)	<u>2,594,201</u>	<u>2,597,634</u>	<u>1,971,769</u>	<u>(625,865)</u>
Net Change in Fund Balance	(3,284,158)	(1,449,627)	(2,395,448)	(945,821)
Fund Balance at Beginning of Year	(1,628,378)	(1,628,378)	(1,628,378)	0
Prior Year Encumbrances	3,372,733	3,372,733	3,372,733	0
Fund Balance at End of Year	<u>\$ (1,539,803)</u>	<u>\$ 294,728</u>	<u>\$ (651,093)</u>	<u>\$ (945,821)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2021***

BENNINGHOFEN TRUST FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,000	\$ 1,000	\$ 409	\$ (591)
Total Revenues	1,000	1,000	409	(591)
Expenditures:				
General Government:				
Other Expenditures	1,000	1,000	421	579
Total Expenditures	1,000	1,000	421	579
Net Change in Fund Balance	0	0	(12)	(12)
Fund Balance at Beginning of Year	75,116	75,116	75,116	0
Fund Balance at End of Year	\$ 75,116	\$ 75,116	\$ 75,104	\$ (12)

Internal Service Funds

Internal Service Funds are used to account for financing goods or services provided by one activity to other activities of the City on a cost-reimbursement basis.

Fleet Maintenance Fund

To account for revenues and expenses associated with the maintenance of the City's motor transport equipment.

Central Services Fund

To account for revenues and expenses associated with interdepartmental charges for the costs of certain goods or services.

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Internal Service Funds
December 31, 2021**

	Fleet Maintenance	Central Services	Total
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 15,869	\$ 88,383	\$ 104,252
Inventory of Supplies at Cost	53,657	0	53,657
Total Current Assets	<u>69,526</u>	<u>88,383</u>	<u>157,909</u>
Noncurrent Assets:			
Net OPEB Asset	93,985	400,832	494,817
Depreciable Capital Assets, Net	174,982	0	174,982
Total Noncurrent Assets	<u>268,967</u>	<u>400,832</u>	<u>669,799</u>
Total Assets	<u>338,493</u>	<u>489,215</u>	<u>827,708</u>
Deferred Outflows of Resources:			
Pension	103,537	441,567	545,104
OPEB	49,220	209,918	259,138
Total Deferred Outflows of Resources	<u>152,757</u>	<u>651,485</u>	<u>804,242</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	210,972	362,717	573,689
Accrued Wages and Benefits	34,273	144,576	178,849
Intergovernmental Payable	13,760	55,525	69,285
Compensated Absences Payable - Current	50,259	271,691	321,950
Interfund Payable	151,920	0	151,920
Total Current Liabilities	<u>461,184</u>	<u>834,509</u>	<u>1,295,693</u>
Noncurrent Liabilities:			
Compensated Absences Payable	59,283	145,089	204,372
Net Pension Liability	764,332	3,259,766	4,024,098
Total Noncurrent Liabilities	<u>823,615</u>	<u>3,404,855</u>	<u>4,228,470</u>
Total Liabilities	<u>1,284,799</u>	<u>4,239,364</u>	<u>5,524,163</u>
Deferred Inflows of Resources:			
Pension	329,886	1,406,919	1,736,805
OPEB	287,164	1,224,712	1,511,876
Total Deferred Inflows of Resources	<u>617,050</u>	<u>2,631,631</u>	<u>3,248,681</u>
Net Position:			
Investment in Capital Assets	174,982	0	174,982
Unrestricted	(1,585,581)	(5,730,295)	(7,315,876)
Total Net Position	<u>\$ (1,410,599)</u>	<u>\$ (5,730,295)</u>	<u>\$ (7,140,894)</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2021***

	Fleet Maintenance	Central Services	Total
Operating Revenues:			
Charges for Services	\$ 2,900,171	\$ 8,393,342	\$ 11,293,513
Other Operating Revenues	31,967	0	31,967
Total Operating Revenues	2,932,138	8,393,342	11,325,480
Operating Expenses:			
Personal Services	664,578	1,613,262	2,277,840
Contractual Services	387,382	3,429,720	3,817,102
Materials and Supplies	1,361,251	218,790	1,580,041
Depreciation	12,705	0	12,705
Other Operating Expenses	32,690	207,855	240,545
Total Operating Expenses	2,458,606	5,469,627	7,928,233
Operating Income	473,532	2,923,715	3,397,247
Nonoperating Revenues (Expenses):			
Investment Earnings	0	(233)	(233)
Total Nonoperating Revenues (Expenses)	0	(233)	(233)
Change in Net Position	473,532	2,923,482	3,397,014
Net Position Beginning of Year	(1,884,131)	(8,653,777)	(10,537,908)
Net Position End of Year	\$ (1,410,599)	\$ (5,730,295)	\$ (7,140,894)

CITY OF HAMILTON, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021***

	Fleet Maintenance	Central Services	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,932,138	\$8,393,342	\$11,325,480
Cash Payments for Goods and Services	(1,787,852)	(3,862,603)	(5,650,455)
Cash Payments for Employees	(1,079,603)	(4,500,349)	(5,579,952)
Net Cash Provided by Operating Activities	<u>64,683</u>	<u>30,390</u>	<u>95,073</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Advances In from Other Funds	151,920	0	151,920
Advances Out to Other Funds	(52,320)	0	(52,320)
Net Cash Provided by Noncapital Financing Activities	<u>99,600</u>	<u>0</u>	<u>99,600</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(155,424)	0	(155,424)
Net Cash Used by Capital and Related Financing Activities	<u>(155,424)</u>	<u>0</u>	<u>(155,424)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	0	(233)	(233)
Net Cash Used by Investing Activities	<u>0</u>	<u>(233)</u>	<u>(233)</u>
Net Increase in Cash and Cash Equivalents	8,859	30,157	39,016
Cash and Cash Equivalents at Beginning of Year	7,010	58,226	65,236
Cash and Cash Equivalents at End of Year	<u>\$15,869</u>	<u>\$88,383</u>	<u>\$104,252</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$473,532	\$2,923,715	\$3,397,247
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities			
Depreciation Expense	12,705	0	12,705
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Increase in Inventory	(34,154)	0	(34,154)
Increase in Net OPEB Asset	(93,985)	(400,832)	(494,817)
Decrease in Deferred Outflows of Resources	87,717	529,688	617,405
Increase (Decrease) in Accounts Payable	26,782	(7,251)	19,531
Increase in Accrued Wages and Benefits	9,919	42,069	51,988
Increase in Intergovernmental Payable	3,041	6,510	9,551
Increase (Decrease) in Compensated Absences	14,221	(37,342)	(23,121)
Decrease in Net Pension Liability	(133,254)	(1,146,719)	(1,279,973)
Decrease in Net OPEB Liability	(637,703)	(3,130,648)	(3,768,351)
Increase in Deferred Inflows of Resources	335,862	1,251,200	1,587,062
Total Adjustments	<u>(408,849)</u>	<u>(2,893,325)</u>	<u>(3,302,174)</u>
Net Cash Provided by Operating Activities	<u>\$64,683</u>	<u>\$30,390</u>	<u>\$95,073</u>

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Custodial Funds

Rounding Up Utility Account Fund

To account for voluntary contributions from citizens and/or organizations within the City to assist elderly, needy and disabled utility customers with utility charges incurred.

Butler County Annexation Tax Fund

To account for income taxes obtained from a special annexation of property contiguous to Hamilton.

Joint Economic Development District (JEDD) Fund

To account for the receipt and disbursement of income tax revenue pursuant to The Joint Economic Development District Agreement with Indian Springs/ Fairfield Township.

Municipal Court Fund

To account for funds that flow through the Municipal Court office.

Police Property Room Fund

To account for the receipt of items remaining in the custody of the Police Department. The City will hold the items for a certain period of time at which they will be auctioned or disposed.

Property Assessed Clean Energy Fund

To account for special assessments collected and remitted to the Hamilton Community Authority. The assessments have been levied to fund energy improvements at the Champion Mill Spooky Nook Sports Complex site. The Hamilton Community Authority has issued debt to finance the energy improvements. The debt will be retired by the assessments collected from the project site owner. (The Statement of Changes in Net Position is not presented because there were no additions or deductions during the year).

CITY OF HAMILTON, OHIO

***Combining Statement of Net Position
Custodial Funds
December 31, 2021***

	Rounding Up Utility Account	Butler County Annexation Tax	JEDD
Assets:			
Equity in Pooled Cash and Investments	\$ 2,461	\$ 33,478	\$ 32,929
Receivables:			
Special Assessments	0	0	0
Total Assets	<u>2,461</u>	<u>33,478</u>	<u>32,929</u>
Liabilities:			
Intergovernmental Payable	0	33,478	32,929
Due to Others	2,461	0	0
Due to Hamilton Community Authority	0	0	0
Total Liabilities	<u>2,461</u>	<u>33,478</u>	<u>32,929</u>
Net Position:			
Restricted For:			
Individuals and Other Governments	0	0	0
Total Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Custodial Funds
December 31, 2021**

	Municipal Court	Police Property Room	Property Assessed Clean Energy	Total Custodial Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 99,595	\$ 275,596	\$ 0	\$ 444,059
Receivables:				
Special Assessments	0	0	33,696,646	33,696,646
Total Assets	99,595	275,596	33,696,646	34,140,705
Liabilities:				
Intergovernmental Payable	99,595	0	0	166,002
Due to Others	0	0	0	2,461
Due to Hamilton Community Authority	0	0	33,696,646	33,696,646
Total Liabilities	99,595	0	33,696,646	33,865,109
Net Position:				
Restricted For:				
Individuals and Other Governments	0	275,596	0	275,596
Total Net Position	\$ 0	\$ 275,596	\$ 0	\$ 275,596

CITY OF HAMILTON, OHIO

**Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended December 31, 2021**

	Rounding Up Utility Account	Butler County Annexation Tax	JEDD
Additions:			
Fines and Forfeiture Collections for Other Governments	\$ 0	\$ 0	\$ 0
Contributions Received for Others	9,668	0	0
Income Tax Collections for Other Governments	0	177,981	614,467
Receipt of Seized Property Held for Others	0	0	0
Total Additions	<u>9,668</u>	<u>177,981</u>	<u>614,467</u>
Deductions:			
Distribution of Fines and Forfeitures to Other Governments	0	0	0
Distribution of Contributions Received for Others	9,668	0	0
Distribution of Income Taxes to Other Governments	0	177,981	614,467
Distribution of Seized Property Held for Others	0	0	0
Total Deductions	<u>9,668</u>	<u>177,981</u>	<u>614,467</u>
Change in Net Position	0	0	0
Net Position at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Net Position End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF HAMILTON, OHIO

**Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended December 31, 2021**

	Municipal Court	Police Property Room	Total Custodial Funds
Additions:			
Fines and Forfeiture Collections for Other Governments	\$ 1,913,452	\$ 0	\$ 1,913,452
Contributions Received for Others	0	0	9,668
Income Tax Collections for Other Governments	0	0	792,448
Receipt of Seized Property Held for Others	0	63,688	63,688
Total Additions	1,913,452	63,688	2,779,256
Deductions:			
Distribution of Fines and Forfeitures to Other Governments	1,913,452	0	1,913,452
Distribution of Contributions Received for Others	0	0	9,668
Distribution of Income Taxes to Other Governments	0	0	792,448
Distribution of Seized Property Held for Others	0	56,691	56,691
Total Deductions	1,913,452	56,691	2,772,259
Change in Net Position	0	6,997	6,997
Net Position at Beginning of Year	0	268,599	268,599
Net Position End of Year	\$ 0	\$ 275,596	\$ 275,596



STATISTICAL SECTION





STATISTICAL TABLES

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

Contents

Financial Trends	S 2 – S 21
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	S 22 – S 34
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, the income tax and property tax.	
Debt Capacity	S 35 – S 47
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
Economic and Demographic Information	S 48 – S 51
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 52 – S 65
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	2012	*	*
	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:			
Net Investment in Capital Assets	\$60,330,073	\$64,612,820	\$68,592,556
Restricted	9,033,196	9,974,060	6,720,442
Unrestricted (Deficit)	13,796,160	12,148,592	(25,249,747)
Total Governmental Activities Net Position	<u>\$83,159,429</u>	<u>\$86,735,472</u>	<u>\$50,063,251</u>
Business-type Activities:			
Net Investment in Capital Assets	\$88,211,121	\$101,543,663	\$107,423,550
Restricted	20,539,704	20,759,192	21,622,744
Unrestricted	53,287,953	44,971,490	24,981,821
Total Business-type Activities Net Position	<u>\$162,038,778</u>	<u>\$167,274,345</u>	<u>\$154,028,115</u>
Primary Government:			
Net Investment in Capital Assets	\$148,541,194	\$166,156,483	\$176,016,106
Restricted	29,572,900	30,733,252	28,343,186
Unrestricted	67,084,113	57,120,082	(267,926)
Total Primary Government Net Position	<u>\$245,198,207</u>	<u>\$254,009,817</u>	<u>\$204,091,366</u>

* Restated

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	*		*
	2015	2016	2017
Governmental Activities:			
Net Investment in Capital Assets	\$66,544,600	\$74,591,613	\$82,073,889
Restricted	8,178,159	6,212,366	7,132,718
Unrestricted (Deficit)	(28,081,791)	(34,082,733)	(82,974,765)
Total Governmental Activities Net Position	<u>\$46,640,968</u>	<u>\$46,721,246</u>	<u>\$6,231,842</u>
Business-type Activities:			
Net Investment in Capital Assets	\$100,463,100	\$196,783,938	\$196,590,931
Restricted	18,235,929	18,131,101	15,582,840
Unrestricted	29,658,800	62,635,431	33,762,003
Total Business-type Activities Net Position	<u>\$148,357,829</u>	<u>\$277,550,470</u>	<u>\$245,935,774</u>
Primary Government:			
Net Investment in Capital Assets	\$167,007,700	\$271,375,551	\$278,664,820
Restricted	26,414,088	24,343,467	22,715,558
Unrestricted	1,577,009	28,552,698	(49,212,762)
Total Primary Government Net Position	<u>\$194,998,797</u>	<u>\$324,271,716</u>	<u>\$252,167,616</u>

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	*			
	2018	2019	2020	2021
Governmental Activities:				
Net Investment in Capital Assets	\$69,635,711	\$73,715,986	\$85,377,651	\$98,174,900
Restricted	5,676,645	9,554,467	8,747,676	20,840,792
Unrestricted (Deficit)	(73,211,626)	(49,812,247)	(59,169,890)	(57,572,835)
Total Governmental Activities Net Position	<u>\$2,100,730</u>	<u>\$33,458,206</u>	<u>\$34,955,437</u>	<u>\$61,442,857</u>
Business-type Activities:				
Net Investment in Capital Assets	\$191,875,521	\$192,842,977	\$191,648,643	\$195,264,437
Restricted	15,306,399	11,971,595	11,147,393	11,063,967
Unrestricted	29,137,499	28,861,306	25,194,953	42,324,569
Total Business-type Activities Net Position	<u>\$236,319,419</u>	<u>\$233,675,878</u>	<u>\$227,990,989</u>	<u>\$248,652,973</u>
Primary Government:				
Net Investment in Capital Assets	\$261,511,232	\$266,558,963	\$277,026,294	\$293,439,337
Restricted	20,983,044	21,526,062	19,895,069	31,904,759
Unrestricted	(44,074,127)	(20,950,941)	(33,974,937)	(15,248,266)
Total Primary Government Net Position	<u>\$238,420,149</u>	<u>\$267,134,084</u>	<u>\$262,946,426</u>	<u>\$310,095,830</u>

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2012	2013	2014
Expenses			
Governmental Activities:			
General Government	\$7,057,730	\$6,846,691	\$5,495,659
Security of Persons and Property	31,282,855	29,179,575	27,645,337
Leisure Time Activities	2,247,173	2,552,980	2,828,054
Community Environment	3,397,734	4,757,333	4,341,261
Basic Utility Services	5,809,490	5,696,920	6,088,052
Transportation	6,157,603	5,644,999	5,878,181
Public Health and Welfare Services	1,061,241	1,081,832	1,206,052
Interest and Fiscal Charges	1,439,838	973,805	992,213
<i>Total Governmental Activities Expenses</i>	<u>58,453,664</u>	<u>56,734,135</u>	<u>54,474,809</u>
Business-type Activities:			
Gas Utility	16,850,289	24,873,444	31,175,555
Electric Utility	60,661,556	57,515,509	64,245,951
Water Utility	14,909,166	14,605,296	13,741,329
Wastewater Utility	11,872,627	12,256,376	11,602,824
<i>Total Business-type Activities Expenses</i>	<u>104,293,638</u>	<u>109,250,625</u>	<u>120,765,659</u>
<i>Total Primary Government Expenses</i>	<u>\$162,747,302</u>	<u>\$165,984,760</u>	<u>\$175,240,468</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$3,345,900	\$3,315,895	\$3,252,331
Security of Persons and Property	3,678,374	2,804,466	2,963,747
Leisure Time Activities	1,122,766	1,200,984	1,284,944
Community Environment	806,118	746,272	611,630
Basic Utility Services	5,666,718	5,903,259	5,933,181
Transportation	698,865	645,653	591,655
Public Health and Welfare Services	237,768	253,046	232,987
Operating Grants and Contributions	6,402,940	8,740,661	5,925,099
Capital Grants and Contributions	1,138,969	1,573,747	1,973,789
<i>Total Governmental Activities Program Revenues</i>	<u>23,098,418</u>	<u>25,183,983</u>	<u>22,769,363</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2015	2016	2017
Expenses			
Governmental Activities:			
General Government	\$11,972,665	\$13,748,213	\$10,793,974
Security of Persons and Property	29,109,984	29,364,275	32,248,544
Leisure Time Activities	2,788,945	2,655,781	2,872,495
Community Environment	3,213,932	2,156,324	2,638,446
Basic Utility Services	6,779,008	5,986,601	6,692,126
Transportation	5,496,120	5,398,871	5,418,564
Public Health and Welfare Services	1,542,573	1,392,658	1,876,111
Interest and Fiscal Charges	1,075,144	1,136,751	1,142,343
<i>Total Governmental Activities Expenses</i>	<u>61,978,371</u>	<u>61,839,474</u>	<u>63,682,603</u>
Business-type Activities:			
Gas Utility	22,071,290	20,059,695	20,169,139
Electric Utility	65,637,974	73,482,880	85,518,469
Water Utility	14,563,899	14,948,562	16,234,311
Wastewater Utility	12,065,377	13,232,904	13,359,997
<i>Total Business-type Activities Expenses</i>	<u>114,338,540</u>	<u>121,724,041</u>	<u>135,281,916</u>
<i>Total Primary Government Expenses</i>	<u>\$176,316,911</u>	<u>\$183,563,515</u>	<u>\$198,964,519</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$3,183,357	\$3,666,535	\$4,154,625
Security of Persons and Property	3,055,722	3,195,876	3,323,603
Leisure Time Activities	1,209,724	1,098,407	1,128,081
Community Environment	456,883	789,256	333,476
Basic Utility Services	5,839,079	6,031,405	6,451,263
Transportation	659,797	683,059	859,246
Public Health and Welfare Services	222,113	224,444	213,411
Operating Grants and Contributions	5,584,899	4,469,691	4,556,837
Capital Grants and Contributions	2,880,774	3,186,797	3,504,621
<i>Total Governmental Activities Program Revenues</i>	<u>23,092,348</u>	<u>23,345,470</u>	<u>24,525,163</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2018	2019	2020
Expenses			
Governmental Activities:			
General Government	\$7,716,575	\$8,781,340	\$7,266,275
Security of Persons and Property	35,283,600	4,871,606	35,594,939
Leisure Time Activities	2,880,127	3,182,781	2,232,464
Community Environment	2,409,400	2,644,798	9,914,098
Basic Utility Services	7,500,327	8,728,161	9,878,398
Transportation	8,072,742	8,140,992	5,554,662
Public Health and Welfare Services	1,525,836	1,418,978	2,348,847
Interest and Fiscal Charges	1,383,549	2,155,256	2,751,191
<i>Total Governmental Activities Expenses</i>	<u>66,772,156</u>	<u>39,923,912</u>	<u>75,540,874</u>
Business-type Activities:			
Gas Utility	22,634,644	21,001,035	19,067,720
Electric Utility	86,543,649	84,314,775	83,678,299
Water Utility	15,631,654	16,724,324	16,662,378
Wastewater Utility	15,037,103	13,779,455	13,361,201
<i>Total Business-type Activities Expenses</i>	<u>139,847,050</u>	<u>135,819,589</u>	<u>132,769,598</u>
<i>Total Primary Government Expenses</i>	<u>\$206,619,206</u>	<u>\$175,743,501</u>	<u>\$208,310,472</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$4,132,094	\$4,929,109	\$5,300,394
Security of Persons and Property	3,355,144	3,255,130	2,834,002
Leisure Time Activities	1,084,312	1,064,951	179,882
Community Environment	473,146	861,033	898,255
Basic Utility Services	6,551,126	7,098,064	7,540,591
Transportation	846,517	909,805	1,146,078
Public Health and Welfare Services	224,750	238,566	223,548
Operating Grants and Contributions	3,508,525	6,358,220	9,323,536
Capital Grants and Contributions	2,800,741	3,881,170	3,106,891
<i>Total Governmental Activities Program Revenues</i>	<u>22,976,355</u>	<u>28,596,048</u>	<u>30,553,177</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	<u>2021</u>
Expenses	
Governmental Activities:	
General Government	\$6,246,010
Security of Persons and Property	33,588,698
Leisure Time Activities	2,012,859
Community Environment	1,818,527
Basic Utility Services	7,558,497
Transportation	6,621,360
Public Health and Welfare Services	712,773
Interest and Fiscal Charges	2,636,393
<i>Total Governmental Activities Expenses</i>	<u>61,195,117</u>
Business-type Activities:	
Gas Utility	17,796,790
Electric Utility	68,304,783
Water Utility	13,540,250
Wastewater Utility	10,274,234
<i>Total Business-type Activities Expenses</i>	<u>109,916,057</u>
<i>Total Primary Government Expenses</i>	<u><u>\$171,111,174</u></u>
Program Revenues	
Governmental Activities:	
Charges for Services	
General Government	\$5,410,568
Security of Persons and Property	2,934,308
Leisure Time Activities	17,529
Community Environment	822,130
Basic Utility Services	8,121,292
Transportation	1,222,650
Public Health and Welfare Services	245,595
Operating Grants and Contributions	14,461,507
Capital Grants and Contributions	2,972,337
<i>Total Governmental Activities Program Revenues</i>	<u>36,207,916</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2012	2013	2014
Business-type Activities:			
Charges for Services			
Gas Utility	16,574,138	24,742,117	29,369,479
Electric Utility	62,172,965	60,346,033	61,577,164
Water Utility	14,749,579	14,656,538	14,865,682
Wastewater Utility	12,068,156	11,779,979	12,037,408
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	200,000	0	713,516
<i>Total Business-type Activities Program Revenues</i>	<u>105,764,838</u>	<u>111,524,667</u>	<u>118,563,249</u>
<i>Total Primary Government Program Revenues</i>	<u>128,863,256</u>	<u>136,708,650</u>	<u>141,332,612</u>
Net (Expense)/Revenue			
Governmental Activities	(35,355,246)	(31,550,152)	(31,705,446)
Business-type Activities	1,471,200	2,274,042	(2,202,410)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$33,884,046)</u>	<u>(\$29,276,110)</u>	<u>(\$33,907,856)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$21,259,474	\$22,310,512	\$23,354,264
Property and Other Local Taxes	8,969,655	8,961,444	8,709,596
Intergovernmental, Unrestricted	3,112,982	3,210,419	2,674,829
Investment Earnings	76,967	(69,511)	253,825
Miscellaneous	913,202	751,688	1,021,094
Transfers	(278,695)	0	0
<i>Total Governmental Activities</i>	<u>34,053,585</u>	<u>35,164,552</u>	<u>36,013,608</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	283,187	73,168	1,053,605
Transfers	278,695	0	0
Special Items	0	2,850,000	0
<i>Total Business-type Activities</i>	<u>561,882</u>	<u>2,923,168</u>	<u>1,053,605</u>
<i>Total Primary Government</i>	<u>\$34,615,467</u>	<u>\$38,087,720</u>	<u>\$37,067,213</u>
Change in Net Position			
Governmental Activities	(\$1,301,661)	\$3,614,400	\$4,308,162
Business-type Activities	2,033,082	5,197,210	(1,148,805)
<i>Total Primary Government Change in Net Position</i>	<u>\$731,421</u>	<u>\$8,811,610</u>	<u>\$3,159,357</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2015	2016	2017
Business-type Activities:			
Charges for Services			
Gas Utility	21,979,425	19,086,678	18,482,683
Electric Utility	64,619,906	66,319,492	70,567,830
Water Utility	12,550,024	13,088,389	13,390,954
Wastewater Utility	11,821,865	12,385,219	12,368,579
Operating Grants and Contributions	0	743,247	743,577
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>110,971,220</u>	<u>111,623,025</u>	<u>115,553,623</u>
<i>Total Primary Government Program Revenues</i>	<u>134,063,568</u>	<u>134,968,495</u>	<u>140,078,786</u>
Net (Expense)/Revenue			
Governmental Activities	(38,886,023)	(38,494,004)	(39,157,440)
Business-type Activities	<u>(3,367,320)</u>	<u>(10,101,016)</u>	<u>(19,728,293)</u>
<i>Total Primary Government Net (Expense)/Revenue</i>	<u><u>(\$42,253,343)</u></u>	<u><u>(\$48,595,020)</u></u>	<u><u>(\$58,885,733)</u></u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$24,852,412	\$25,970,527	\$25,664,959
Property and Other Local Taxes	8,959,287	8,627,124	8,581,044
Intergovernmental, Unrestricted	2,691,164	2,342,386	2,206,014
Investment Earnings	114,686	28,749	196,209
Miscellaneous	1,635,091	1,605,496	1,509,998
Transfers	(46,727)	0	0
<i>Total Governmental Activities</i>	<u>38,205,913</u>	<u>38,574,282</u>	<u>38,158,224</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	2,952	0
Investment Earnings	317,485	290,705	781,792
Transfers	46,727	0	0
Special Items	0	139,000,000	0
<i>Total Business-type Activities</i>	<u>364,212</u>	<u>139,293,657</u>	<u>781,792</u>
<i>Total Primary Government</i>	<u><u>\$38,570,125</u></u>	<u><u>\$177,867,939</u></u>	<u><u>\$38,940,016</u></u>
Change in Net Position			
Governmental Activities	(\$680,110)	\$80,278	(\$999,216)
Business-type Activities	<u>(3,003,108)</u>	<u>129,192,641</u>	<u>(18,946,501)</u>
<i>Total Primary Government Change in Net Position</i>	<u><u>(\$3,683,218)</u></u>	<u><u>\$129,272,919</u></u>	<u><u>(\$19,945,717)</u></u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2018	2019	2020
Business-type Activities:			
Charges for Services			
Gas Utility	21,756,412	21,076,426	17,849,755
Electric Utility	79,889,209	81,730,855	80,238,628
Water Utility	13,904,531	14,747,917	14,396,099
Wastewater Utility	12,653,041	13,454,526	13,109,026
Operating Grants and Contributions	744,842	742,114	85,733
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>128,948,035</u>	<u>131,751,838</u>	<u>125,679,241</u>
<i>Total Primary Government Program Revenues</i>	<u>151,924,390</u>	<u>131,751,838</u>	<u>125,679,241</u>
Net (Expense)/Revenue			
Governmental Activities	(43,795,801)	(11,327,864)	(44,987,697)
Business-type Activities	(10,899,015)	(4,067,751)	(7,090,357)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$54,694,816)</u>	<u>(\$15,395,615)</u>	<u>(\$52,078,054)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$26,716,305	\$28,838,412	\$30,414,174
Property and Other Local Taxes	8,999,351	8,998,489	9,081,485
Intergovernmental, Unrestricted	2,281,996	2,742,242	2,543,229
Investment Earnings	314,480	773,556	723,360
Miscellaneous	1,198,278	1,332,641	3,722,680
Transfers	0	0	0
<i>Total Governmental Activities</i>	<u>39,510,410</u>	<u>42,685,340</u>	<u>46,484,928</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	1,282,660	1,424,210	1,405,468
Transfers	0	0	0
Special Items	0	0	0
<i>Total Business-type Activities</i>	<u>1,282,660</u>	<u>1,424,210</u>	<u>1,405,468</u>
<i>Total Primary Government</i>	<u>\$40,793,070</u>	<u>\$44,109,550</u>	<u>\$47,890,396</u>
Change in Net Position			
Governmental Activities	(\$4,285,391)	\$31,357,476	\$1,497,231
Business-type Activities	(9,616,355)	(2,643,541)	(5,684,889)
<i>Total Primary Government Change in Net Position</i>	<u>(\$13,901,746)</u>	<u>\$28,713,935</u>	<u>(\$4,187,658)</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2021
Business-type Activities:	
Charges for Services	
Gas Utility	18,111,405
Electric Utility	85,535,709
Water Utility	14,301,554
Wastewater Utility	12,971,767
Operating Grants and Contributions	0
Capital Grants and Contributions	0
<i>Total Business-type Activities Program Revenues</i>	130,920,435
<i>Total Primary Government Program Revenues</i>	130,920,435
Net (Expense)/Revenue	
Governmental Activities	(24,987,201)
Business-type Activities	21,004,378
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$3,982,823)
General Revenues and Other Changes in Net Position	
Governmental Activities:	
Income Taxes	\$31,245,133
Property and Other Local Taxes	13,012,233
Intergovernmental, Unrestricted	3,066,316
Investment Earnings	(142,439)
Miscellaneous	4,293,378
Transfers	0
<i>Total Governmental Activities</i>	51,474,621
Business-type Activities:	
Other Local Taxes (kWh Tax)	0
Investment Earnings	(342,394)
Transfers	0
Special Items	0
<i>Total Business-type Activities</i>	(342,394)
<i>Total Primary Government</i>	\$51,132,227
Change in Net Position	
Governmental Activities	\$26,487,420
Business-type Activities	20,661,984
<i>Total Primary Government Change in Net Position</i>	\$47,149,404

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2012	*	2013	2014	2015
General Fund					
Nonspendable	\$150,276		\$157,427	\$257,910	\$273,120
Restricted	0		0	0	0
Committed	0		0	0	0
Assigned	2,797,712		2,591,073	3,513,033	2,027,119
Unassigned	7,014,183		8,272,712	7,986,708	11,602,256
<i>Total General Fund</i>	<u>9,962,171</u>		<u>11,021,212</u>	<u>11,757,651</u>	<u>13,902,495</u>
All Other Governmental Funds					
Nonspendable	\$120,806		\$128,399	\$173,681	\$169,184
Restricted	7,315,026		14,833,337	9,753,522	5,294,588
Committed	3,592,878		4,031,504	4,492,651	4,386,446
Assigned	3,078,130		2,240,056	3,386,345	843,659
Unassigned	(498,843)		(473,703)	(98,694)	(36,116)
<i>Total All Other Governmental Funds</i>	<u>13,607,997</u>		<u>20,759,593</u>	<u>17,707,505</u>	<u>10,657,761</u>
<i>Total Governmental Funds</i>	<u><u>\$23,570,168</u></u>		<u><u>\$31,780,805</u></u>	<u><u>\$29,465,156</u></u>	<u><u>\$24,560,256</u></u>

(continued)

Source: City Records

* Restated

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2016	2017	*	2019
General Fund				
Nonspendable	\$270,135	\$241,555	\$272,307	\$228,832
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	1,598,710	2,141,318	3,735,047	3,123,241
Unassigned	7,267,975	5,504,248	12,462,795	13,689,068
<i>Total General Fund</i>	<u>9,136,820</u>	<u>7,887,121</u>	<u>16,470,149</u>	<u>17,041,141</u>
All Other Governmental Funds				
Nonspendable	\$176,403	\$167,074	\$161,087	\$135,027
Restricted	2,748,424	3,607,737	2,621,820	6,157,749
Committed	4,438,845	3,901,117	3,893,237	3,382,530
Assigned	103,101	5,255	490,909	14,359,229
Unassigned	(391,739)	(5,155,483)	(2,900,490)	(650,864)
<i>Total All Other Governmental Funds</i>	<u>7,075,034</u>	<u>2,525,700</u>	<u>4,266,563</u>	<u>23,383,671</u>
<i>Total Governmental Funds</i>	<u>\$16,211,854</u>	<u>\$10,412,821</u>	<u>\$20,736,712</u>	<u>\$40,424,812</u>

(continued)

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2020</u>	<u>2021</u>
General Fund		
Nonspendable	\$281,476	\$325,705
Restricted	0	7,000,000
Committed	0	0
Assigned	5,734,275	6,354,659
Unassigned	19,346,447	18,559,678
<i>Total General Fund</i>	<u>25,362,198</u>	<u>32,240,042</u>
All Other Governmental Funds		
Nonspendable	\$162,527	\$187,935
Restricted	38,307,485	37,574,978
Committed	2,507,621	1,976,869
Assigned	7,004,568	6,177,139
Unassigned	(1,063,149)	(1,325,806)
<i>Total All Other Governmental Funds</i>	<u>46,919,052</u>	<u>44,591,115</u>
<i>Total Governmental Funds</i>	<u><u>\$72,281,250</u></u>	<u><u>\$76,831,157</u></u>

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2012	2013	2014	2015
Revenues:				
Taxes	\$30,240,129	\$30,392,344	\$31,793,857	\$33,637,684
Intergovernmental Revenues	10,997,434	13,552,982	10,403,668	10,354,357
Charges for Services	12,659,606	12,367,803	12,274,857	12,210,156
Licenses and Permits	981,700	935,844	1,036,845	1,018,831
Investment Earnings	76,967	(59,847)	253,825	114,686
Special Assessments	811,933	668,686	626,396	457,761
Fines and Forfeitures	1,130,278	821,866	947,713	944,175
All Other Revenue	913,202	751,688	1,021,094	1,635,091
Total Revenues	<u>57,811,249</u>	<u>59,431,366</u>	<u>58,358,255</u>	<u>60,372,741</u>
Expenditures:				
Current:				
General Government	6,121,906	6,456,639	4,599,445	5,203,607
Security of Persons and Property	30,141,708	27,840,266	26,527,614	26,548,711
Leisure Time Activities	1,973,297	2,731,042	2,406,632	2,427,067
Community Environment	3,315,185	4,639,097	4,195,166	3,004,125
Basic Utility Services	5,696,091	5,621,039	5,847,541	6,354,117
Transportation	3,762,769	3,496,658	3,761,881	3,161,989
Public Health and Welfare Services	1,035,886	1,042,523	1,144,033	1,455,638
Capital Outlay	5,461,124	6,069,186	8,688,731	14,304,429
Debt Service:				
Principal Retirement	2,695,000	2,365,000	2,405,000	2,559,963
Interest and Fiscal Charges	1,274,719	1,187,163	1,134,543	1,217,255
Total Expenditures	<u>61,477,685</u>	<u>61,448,613</u>	<u>60,710,586</u>	<u>66,236,901</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,666,436)	(2,017,247)	(2,352,331)	(5,864,160)

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2016	2017	2018	2019
Revenues:				
Taxes	\$34,425,266	\$34,475,333	\$35,923,106	\$37,764,569
Intergovernmental Revenues	10,075,259	10,152,144	8,965,068	12,579,271
Charges for Services	12,746,544	14,098,978	13,941,420	14,943,430
Licenses and Permits	1,086,953	1,110,347	1,307,990	1,572,057
Investment Earnings	28,749	196,209	314,480	773,556
Special Assessments	452,533	345,325	613,095	753,092
Fines and Forfeitures	1,063,974	923,483	942,788	964,239
All Other Revenue	1,880,496	1,509,998	1,198,278	1,059,463
Total Revenues	61,759,774	62,811,817	63,206,225	70,409,677
Expenditures:				
Current:				
General Government	10,186,194	7,066,643	5,257,017	6,224,429
Security of Persons and Property	27,434,430	28,794,336	29,505,532	31,629,829
Leisure Time Activities	2,318,248	2,536,998	2,461,376	2,730,146
Community Environment	2,162,524	2,406,167	2,283,037	2,339,378
Basic Utility Services	8,344,578	8,644,891	7,196,824	8,087,683
Transportation	4,109,609	3,226,018	3,365,740	3,196,931
Public Health and Welfare Services	1,398,872	1,679,277	1,406,363	1,200,403
Capital Outlay	11,282,845	12,560,558	10,094,186	10,610,750
Debt Service:				
Principal Retirement	3,208,002	12,215,116	2,604,211	11,966,907
Interest and Fiscal Charges	1,283,266	1,183,980	1,296,558	1,648,529
Total Expenditures	71,728,568	80,313,984	65,470,844	79,634,985
Excess (Deficiency) of Revenues Over Expenditures	(9,968,794)	(17,502,167)	(2,264,619)	(9,225,308)

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2020</u>	<u>2021</u>
Revenues:		
Taxes	\$39,426,581	\$44,175,481
Intergovernmental Revenues	14,877,943	20,352,433
Charges for Services	14,404,805	15,278,500
Licenses and Permits	2,123,975	1,898,991
Investment Earnings	723,360	(142,439)
Special Assessments	920,081	750,651
Fines and Forfeitures	687,791	766,354
All Other Revenue	3,995,858	4,293,378
Total Revenues	<u>77,160,394</u>	<u>87,373,349</u>
Expenditures:		
Current:		
General Government	6,246,754	9,714,308
Security of Persons and Property	30,985,000	33,422,400
Leisure Time Activities	1,810,018	1,768,933
Community Environment	1,729,218	2,336,432
Basic Utility Services	9,311,833	10,242,782
Transportation	3,066,211	4,814,747
Public Health and Welfare Services	2,203,987	1,033,670
Capital Outlay	17,843,220	16,433,795
Debt Service:		
Principal Retirement	5,991,407	3,077,208
Interest and Fiscal Charges	2,396,199	2,532,544
Total Expenditures	<u>81,583,847</u>	<u>85,376,819</u>
Excess (Deficiency) of Revenues Over Expenditures	(4,423,453)	1,996,530

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2012	2013	2014	2015
Other Financing Sources (Uses):				
Sale of Capital Assets	418	115,852	29,359	65,721
Capital Lease Issuance	0	0	0	0
Ohio Water Development Authority Loans	0	0	0	0
Loan Issuance	0	9,500,000	0	700,000
Bonds and Notes Issued	0	0	0	0
Premium on Debt Issuance	0	0	0	0
Discount on Debt Issuance	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Refunded Bonds Redeemed	0	0	0	0
Long Term Note Issuance	0	0	0	0
Transfers In	8,844,112	7,500,414	11,699,277	10,725,880
Transfers Out	(9,122,807)	(7,500,414)	(11,699,277)	(10,522,975)
Total Other Financing Sources (Uses)	<u>(278,277)</u>	<u>9,615,852</u>	<u>29,359</u>	<u>968,626</u>
Net Change in Fund Balance	<u>(\$3,944,713)</u>	<u>\$7,598,605</u>	<u>(\$2,322,972)</u>	<u>(\$4,895,534)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.91%	6.30%	6.59%	6.78%

(continued)

Source: City Records

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2016	2017	2018	2019
Other Financing Sources (Uses):				
Sale of Capital Assets	15,336	22,411	750,708	81,958
Capital Lease Issuance	0	0	0	24,860,000
Ohio Water Development Authority Loans	1,592,766	0	0	0
Loan Issuance	0	1,427,128	266,705	92,286
Bonds and Notes Issued	0	1,196,214	11,470,000	0
Premium on Debt Issuance	0	0	242	0
Discount on Debt Issuance	0	0	(54,429)	0
Refunding Bonds Issued	0	23,141,416	0	0
Refunded Bonds Redeemed	0	(14,087,879)	0	0
Long Term Note Issuance	0	0	0	3,893,340
Transfers In	10,319,607	6,973,964	14,002,163	7,534,399
Transfers Out	(10,319,607)	(6,973,964)	(14,002,163)	(7,534,399)
Total Other Financing Sources (Uses)	<u>1,608,102</u>	<u>11,699,290</u>	<u>12,433,226</u>	<u>28,927,584</u>
Net Change in Fund Balance	<u>(\$8,360,692)</u>	<u>(\$5,802,877)</u>	<u>\$10,168,607</u>	<u>\$19,702,276</u>
Debt Service as a Percentage of Noncapital Expenditures	7.50%	19.58%	6.60%	18.76%

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2020</u>	<u>2021</u>
Other Financing Sources (Uses):		
Sale of Capital Assets	959,246	116,840
Capital Lease Issuance	0	0
Ohio Water Development Authority Loans	803,232	1,419,405
Loan Issuance	0	0
Bonds and Notes Issued	33,030,000	1,000,000
Premium on Debt Issuance	356,083	0
Discount on Debt Issuance	0	0
Refunding Bonds Issued	31,650,000	0
Refunded Bonds Redeemed	(30,538,765)	0
Long Term Note Issuance	0	0
Transfers In	12,010,540	7,829,713
Transfers Out	<u>(12,010,540)</u>	<u>(7,829,713)</u>
Total Other Financing Sources (Uses)	<u>36,259,796</u>	<u>2,536,245</u>
Net Change in Fund Balance	<u>\$31,836,343</u>	<u>\$4,532,775</u>
Debt Service as a Percentage of Noncapital Expenditures	11.43%	8.36%

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Real Property				
Assessed	\$822,899,950	\$805,839,810	\$753,521,500	\$747,624,230
Actual	2,351,142,714	2,302,399,457	2,152,918,571	2,136,069,229
Public Utility				
Assessed	5,798,610	4,726,410	4,763,000	4,937,810
Actual	5,798,610	4,726,410	4,763,000	4,937,810
Total				
Assessed	828,698,560	810,566,220	758,284,500	752,562,040
Actual	2,356,941,324	2,307,125,867	2,157,681,571	2,141,007,039
Assessed Value as a Percentage of Actual Value	35.16%	35.13%	35.14%	35.15%
Total Direct Tax Rate	\$6.81	\$6.81	\$6.81	\$6.81

Source: Butler County Auditor

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Real Property				
Assessed	\$744,751,530	\$789,655,500	\$788,116,750	\$799,255,590
Actual	2,127,861,514	2,256,158,571	2,251,762,143	2,283,587,400
Public Utility				
Assessed	5,062,790	5,309,340	5,738,750	5,848,920
Actual	5,062,790	5,309,340	5,738,750	5,848,920
Total				
Assessed	749,814,320	794,964,840	793,855,500	805,104,510
Actual	2,132,924,304	2,261,467,911	2,257,500,893	2,289,436,320
Assessed Value as a Percentage of Actual Value				
	35.15%	35.15%	35.17%	35.17%
Total Direct Tax Rate				
	\$6.81	\$6.81	\$6.81	\$6.81

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	<u>2020</u>	<u>2021</u>
Real Property		
Assessed	\$928,920,100	\$931,870,700
Actual	2,654,057,429	2,662,487,714
Public Utility		
Assessed	6,520,190	10,228,090
Actual	6,520,190	10,228,090
Total		
Assessed	935,440,290	942,098,790
Actual	2,660,577,619	2,672,715,804
Assessed Value as a Percentage of Actual Value	35.16%	35.25%
Total Direct Tax Rate	\$10.71	\$10.71

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Taxes Levied for the Calendar Year	\$5,459,714	\$5,409,302	\$5,349,390	\$5,091,799
Collected within the Calendar Year of the Levy				
Amount	5,152,127	5,042,759	5,043,851	4,837,997
Percent of Levy	94.37%	93.22%	94.29%	95.02%
Collections in Subsequent Years (1)	262,971	231,531	258,114	262,126
Total Collections to Date				
Amount	5,415,098	5,274,290	5,301,965	5,100,123
Percent of Levy	99.18%	97.50%	99.11%	100.16%

Source: County Auditor

(1) The County does not identify delinquent tax collections by tax year.

(continued)

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Taxes Levied for the Calendar Year	\$5,060,320	\$5,046,008	\$5,268,044	\$5,263,202
Collected within the Calendar Year of the Levy				
Amount	4,845,600	4,847,791	5,048,100	5,087,861
Percent of Levy	95.76%	96.07%	95.82%	96.67%
Collections in Subsequent Years (1)	221,457	245,331	237,315	253,409
Total Collections to Date				
Amount	5,067,057	5,093,122	5,285,415	5,341,270
Percent of Levy	100.13%	100.93%	100.33%	101.48%

(continued)

CITY OF HAMILTON, OHIO

*Property Tax Levies and Collections
Last Ten Calendar Years*

Calendar Year	<u>2020</u>	<u>2021</u>
Taxes Levied for the Calendar Year	\$5,337,176	\$9,187,665
Collected within the Calendar Year of the Levy		
Amount	5,111,567	8,784,460
Percent of Levy	95.77%	95.61%
Collections in Subsequent Years (1)	199,998	328,067
Total Collections to Date		
Amount	5,311,565	9,112,527
Percent of Levy	99.52%	99.18%

CITY OF HAMILTON, OHIO

*Direct and Overlapping
Property Tax Rates
Last Ten Calendar Years*

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	0.00	0.00	0.00	0.00	0.00
Total Direct Rate	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>
Overlapping Rates					
Hamilton City School District	53.42	53.61	55.61	54.81	54.81
Butler County	9.72	9.72	9.72	9.72	9.72

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

(continued)

CITY OF HAMILTON, OHIO

*Direct and Overlapping
Property Tax Rates
Last Ten Calendar Years*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	0.00	0.00	0.00	3.90	3.90
Total Direct Rate	<u>6.81</u>	<u>6.81</u>	<u>6.81</u>	<u>10.71</u>	<u>10.71</u>
Overlapping Rates					
Hamilton City School District	54.31	53.81	53.31	52.81	52.56
Butler County	9.72	9.72	9.72	9.22	7.30

CITY OF HAMILTON, OHIO

*Principal Property Tax Payers
Current Year and Nine Years Ago*

Tax Payer	Nature of Business	2021	
		Assessed Value	Percentage of Total Assessed Value
Duke Energy	Utility	\$7,806,420	0.83%
Colonial Senior Services	Healthcare	6,930,770	0.74%
Hamilton Community Authority	Government	5,279,630	0.56%
Pedcor Investments	Investments	5,257,090	0.56%
Bethesda Hospital	Healthcare	4,714,150	0.50%
Shadow Creek Apartments	Real Estate	4,666,710	0.50%
AHP Knollwood Crossing	Real Estate	4,377,180	0.46%
Tippmann Realty	Real Estate	4,037,460	0.43%
Wish Village Apartments	Real Estate	3,585,800	0.38%
Clover Communities Hamilton	Real Estate	3,505,610	0.37%
	Sub-Total	50,160,820	5.33%
	All Others	891,937,970	94.67%
	Total	\$942,098,790	100.00%

Tax Payer	Nature of Business	2012	
		Assessed Value	Percentage of Total Assessed Value
Smart Papers, LLC	Manufacturing	\$5,269,990	0.64%
Shadow Creek Apartments	Real Estate	5,126,050	0.62%
Tippman Realty	Real Estate	5,075,840	0.61%
AHP - Knollwood Crossing	Real Estate	4,403,310	0.53%
Pedcor Investments	Investments	4,006,940	0.48%
Colonial Senior Services Inc.	Healthcare	3,961,000	0.48%
Hatteras Properties	Real Estate	3,304,660	0.40%
Meijer Stores LTD	Retail	3,272,510	0.39%
Butler County Surgical Centre	Healthcare	2,931,890	0.35%
Champion Crossings	Real Estate	2,496,800	0.30%
	Sub-Total	39,848,990	4.80%
	All Others	788,849,570	95.20%
	Total	\$828,698,560	100.00%

Source: County Auditor

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund (1)	\$16,874,253	\$17,464,829	\$17,840,205	\$19,347,853
Public Safety / Health Income Tax Fund (2)	2,749,995	2,844,699	2,897,290	3,120,623
Hamilton Capital Improvement Fund (3)	2,199,995	2,275,758	2,317,831	2,496,498
Total	<u>\$21,824,243</u>	<u>\$22,585,286</u>	<u>\$23,055,326</u>	<u>\$24,964,974</u>
 Income Tax Rate (4)	 2.00	 2.00	 2.00	 2.00

(continued)

Source: City Records

(1) - Equates to 1.55% of 2.00% total rate, or 77.50% of total

(2) - Equates to 0.25% of 2.00% total rate, or 12.50% of total

(3) - Equates to 0.20% of 2.00% total rate, or 10.00% of total

(4) - Effective Dates of Levy:

Note: Increases in the income tax rate requires voter approval.

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund (1)	\$20,442,128	\$20,597,611	\$21,195,154	\$22,770,473
Public Safety / Health Income Tax Fund (2)	3,297,119	3,322,196	3,416,956	3,672,615
Hamilton Capital Improvement Fund (3)	2,637,695	2,657,757	2,733,479	2,938,092
Total	<u>\$26,376,942</u>	<u>\$26,577,564</u>	<u>\$27,345,589</u>	<u>\$29,381,180</u>
Income Tax Rate (4)	2.00	2.00	2.00	2.00

(continued)

CITY OF HAMILTON, OHIO

*Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years*

	<u>2020</u>	<u>2021</u>
General Fund (1)	\$23,087,295	\$24,527,610
Public Safety / Health Income Tax Fund (2)	3,726,698	3,956,064
Hamilton Capital Improvement Fund (3)	2,981,359	3,164,855
Total	<u>\$29,795,352</u>	<u>\$31,648,529</u>
Income Tax Rate (4)	2.00	2.00

CITY OF HAMILTON, OHIO

*Principal Income Tax Payers
Current Year and Nine Years Ago*

Employer	Nature of Business	2021 Rank
Butler County Auditor	Government	1
Hamilton City School District	Education	2
Kettering Medical Center Network	Healthcare	3
City of Hamilton	Government	4
ThyssenKrupp Bilstein of America Inc.	Manufacturing	5
Bethesda Hospital Inc.	Healthcare	6
Alliance Physicians Inc.	Healthcare	7
Valeo Climate Control	Manufacturing	8
Miami University	Education	9
Imflux Inc	Manufacturing	10

Employer	Nature of Business	2012 Rank
Butler County	Government	1
Hamilton City School District	Education	2
City of Hamilton	Government	3
Kettering Medical Center Network	Healthcare	4
ThyssenKrupp Bilstein of America	Manufacturing	5
GE Engine Services, Inc.	Manufacturing	6
Miami University	Education	7
Valeo Climate Control	Manufacturing	8
Alliance Physicians Inc.	Healthcare	9
Kroger Ltd. Partnership	Retail	10

Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2012	2013	2014	2015
Governmental Activities (1)				
General Obligation Bonds	\$28,115,485	\$25,701,350	\$23,258,690	\$20,762,700
Special Obligation Non-Tax Revenue Bonds	0	0	0	0
Income Tax Revenue Bonds	0	0	0	0
Capital Leases	0	0	0	0
Special Assessment Bonds	1,195,000	1,060,000	920,000	770,000
OWDA Loans	0	0	0	0
Loans	0	9,500,000	9,500,000	10,115,037
Long Term Notes	0	0	0	0
Business-type Activities (1)				
Water Revenue Bonds	\$24,706,460	\$23,655,911	\$22,574,819	\$28,817,338
OWDA Loans	400,077	383,412	366,201	339,322
OPWC Loans	0	0	0	0
General Obligation Bonds	0	0	0	0
Gas Bonds	8,588,256	7,268,857	5,895,337	4,467,672
Enterprise Notes	10,690,000	10,690,000	10,690,000	103,695,000
Electric Revenue Bonds	153,774,110	146,129,261	137,642,002	30,924,820
Wastewater Bonds	58,384,649	56,274,683	54,084,065	51,824,871
Total Primary Government	\$285,854,037	\$280,663,474	\$264,931,114	\$251,716,760
Population (2)				
City of Hamilton	62,295	62,477	62,258	62,486
Outstanding Debt Per Capita	\$4,589	\$4,492	\$4,255	\$4,028
Income (3)				
Personal (in thousands) (a)	14,375,201	14,468,982	14,592,475	15,294,831
Percentage of Personal Income	1.99%	1.94%	1.82%	1.65%

Sources:

- (1) City Records
- (2) U.S. Bureau of Census, Population Division
- (3) U.S. Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available for the County,
Total Personal Income is presented for the County.

(continued)

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2016	2017	2018	2019
Governmental Activities (1)				
General Obligation Bonds	\$18,218,564	\$3,211,639	\$14,057,373	\$13,402,229
Special Obligation Non-Tax Revenue Bonds	0	0	0	0
Income Tax Revenue Bonds	0	22,789,549	20,915,338	10,265,609
Capital Leases	0	0	0	24,335,000
Special Assessment Bonds	625,000	470,000	305,000	210,000
OWDA Loans	1,592,766	3,019,894	3,286,599	3,331,707
Loans	9,432,035	0	0	0
Long Term Notes	0	0	0	3,893,340
Business-type Activities (1)				
Water Revenue Bonds	\$28,116,322	\$21,738,885	\$30,014,128	\$31,262,110
OWDA Loans	334,401	1,243,921	1,868,038	2,194,157
OPWC Loans	3,869,759	4,967,531	7,142,237	8,376,372
General Obligation Bonds	0	0	555,000	535,000
Gas Bonds	4,221,385	5,770,000	6,965,000	6,380,000
Enterprise Notes	0	45,220,000	0	0
Electric Revenue Bonds	30,111,546	16,269,523	28,883,975	42,712,319
Wastewater Bonds	49,533,503	21,484,866	45,495,404	42,649,583
Total Primary Government	\$146,055,281	\$146,185,808	\$159,488,092	\$189,547,426
Population (2)				
City of Hamilton	62,359	62,127	62,092	62,174
Outstanding Debt Per Capita	\$2,342	\$2,353	\$2,569	\$3,049
Income (3)				
Personal (in thousands) (a)	15,631,343	15,680,621	16,197,532	16,229,556
Percentage of Personal Income	0.93%	0.93%	0.98%	1.17%

(continued)

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2020	2021
Governmental Activities (1)		
General Obligation Bonds	\$15,472,141	\$14,760,281
Special Obligation Non-Tax Revenue Bonds	31,900,000	31,900,000
Income Tax Revenue Bonds	9,508,411	8,740,092
Capital Leases	23,870,000	23,390,000
Special Assessment Bonds	110,000	30,000
OWDA Loans	4,039,070	5,394,586
Loans	0	0
Long Term Notes	0	0
Business-type Activities (1)		
Water Revenue Bonds	\$30,218,664	\$29,175,218
OWDA Loans	2,099,414	2,123,373
OPWC Loans	10,092,208	12,123,933
General Obligation Bonds	515,000	495,000
Gas Bonds	5,775,000	5,155,000
Enterprise Notes	0	0
Electric Revenue Bonds	41,345,459	39,948,599
Wastewater Bonds	40,380,752	38,081,921
Total Primary Government	\$215,326,119	\$211,318,003
Population (2)		
City of Hamilton	62,182	63,399
Outstanding Debt Per Capita	\$3,463	\$3,333
Income (3)		
Personal (in thousands) (a)	18,217,377	18,371,762
Percentage of Personal Income	1.18%	1.15%

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2012	2013	2014	2015
Population (1)	62,295	62,477	62,258	62,486
Actual Value (in thousands) (2)	\$2,356,941	\$2,307,126	\$2,157,682	\$2,141,007
General Bonded Debt (3)				
General Obligation Bonds	\$28,115,485	\$25,701,350	\$23,258,690	\$20,762,700
Total General Bonded Debt	\$28,115,485	\$25,701,350	\$23,258,690	\$20,762,700
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$28,115,485	\$25,701,350	\$23,258,690	\$20,762,700
Ratio of Net Bonded Debt to Estimated Actual Value	1.19%	1.11%	1.08%	0.97%
Net Bonded Debt per Capita	\$451.33	\$411.37	\$373.59	\$332.28

Source:

- (1) U.S. Bureau of Census of Population
- (2) Butler County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.

(continued)

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2016	2017	2018	2019
Population (1)	62,359	62,127	62,092	62,174
Actual Value (in thousands) (2)	\$2,132,924	\$2,261,468	\$2,257,501	\$2,289,436
General Bonded Debt (3)				
General Obligation Bonds	\$18,218,564	\$3,211,639	\$14,612,373	\$13,937,229
Total General Bonded Debt	\$18,218,564	\$3,211,639	\$14,612,373	\$13,937,229
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$18,218,564	\$3,211,639	\$14,612,373	\$13,937,229
Ratio of Net Bonded Debt to Estimated Actual Value	0.85%	0.14%	0.65%	0.61%
Net Bonded Debt per Capita	\$292.16	\$51.69	\$235.33	\$224.16

(continued)

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2020	2021
Population (1)	62,182	63,399
Actual Value (in thousands) (2)	\$2,660,578	\$2,672,716
General Bonded Debt (3)		
General Obligation Bonds	\$15,987,141	\$15,255,281
Total General Bonded Debt	\$15,987,141	\$15,255,281
Resources Available to Pay Principal	\$0	\$0
Net General Bonded Debt	\$15,987,141	\$15,255,281
Ratio of Net Bonded Debt to Estimated Actual Value	0.60%	0.57%
Net Bonded Debt per Capita	\$257.10	\$240.62

CITY OF HAMILTON, OHIO

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2021*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Hamilton (1)	Amount Applicable to the City of Hamilton
Direct:			
City of Hamilton	\$84,214,959	100.00%	\$84,214,959
Overlapping:			
Butler County	11,450,520	9.61%	1,100,395
Hamilton City School District	50,970,000	96.76%	49,318,572
Talawanda City School District	24,365,000	3.18%	774,807
New Miami Local School District	170,000	1.50%	2,550
Ross Local School District	10,005,000	0.39%	39,020
		Subtotal	<u>51,235,344</u>
		Total	<u><u>\$135,450,303</u></u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Ohio Auditor of State

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Debt				
Net Assessed Valuation	\$828,698,560	\$810,566,220	\$758,284,500	\$752,562,040
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	87,013,349	85,109,453	79,619,873	79,019,014
City Debt Outstanding (2)	25,925,097	23,875,438	21,739,256	19,720,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>25,925,097</u>	<u>23,875,438</u>	<u>21,739,256</u>	<u>19,720,000</u>
Overall Legal Debt Margin	<u>\$61,088,252</u>	<u>\$61,234,015</u>	<u>\$57,880,617</u>	<u>\$59,299,014</u>
Debt Margin as a Percentage of Debt Limit	70.21%	71.95%	72.70%	75.04%
Unvoted Debt				
Net Assessed Valuation	\$828,698,560	\$810,566,220	\$758,284,500	\$752,562,040
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	45,578,421	44,581,142	41,705,648	41,390,912
City Debt Outstanding (2)	25,925,097	23,875,438	21,739,256	19,720,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>25,925,097</u>	<u>23,875,438</u>	<u>21,739,256</u>	<u>19,720,000</u>
Overall Legal Debt Margin	<u>\$19,653,324</u>	<u>\$20,705,704</u>	<u>\$19,966,392</u>	<u>\$21,670,912</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only. Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Debt			
Net Assessed Valuation	\$749,814,320	\$794,964,840	\$793,855,500
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	78,730,504	83,471,308	83,354,828
City Debt Outstanding (2)	17,340,000	3,185,000	14,090,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>17,340,000</u>	<u>3,185,000</u>	<u>14,090,000</u>
Overall Legal Debt Margin	<u>\$61,390,504</u>	<u>\$80,286,308</u>	<u>\$69,264,828</u>
Debt Margin as a Percentage of Debt Limit	77.98%	96.18%	83.10%
Unvoted Debt			
Net Assessed Valuation	\$749,814,320	\$794,964,840	\$793,855,500
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	41,239,788	43,723,066	43,662,053
City Debt Outstanding (2)	17,340,000	3,185,000	14,090,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>17,340,000</u>	<u>3,185,000</u>	<u>14,090,000</u>
Overall Legal Debt Margin	<u>\$23,899,788</u>	<u>\$40,538,066</u>	<u>\$29,572,053</u>

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>Total Debt</u>			
Net Assessed Valuation	\$805,104,510	\$935,440,290	\$942,098,790
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	84,535,974	98,221,230	98,920,373
City Debt Outstanding (2)	13,440,000	15,165,000	14,480,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>13,440,000</u>	<u>15,165,000</u>	<u>14,480,000</u>
Overall Legal Debt Margin	<u>\$71,095,974</u>	<u>\$83,056,230</u>	<u>\$84,440,373</u>
Debt Margin as a Percentage of Debt Limit	84.10%	84.56%	85.36%
<u>Unvoted Debt</u>			
Net Assessed Valuation	\$805,104,510	\$935,440,290	\$942,098,790
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	44,280,748	51,449,216	51,815,433
City Debt Outstanding (2)	13,440,000	15,165,000	14,480,000
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation (2)	<u>13,440,000</u>	<u>15,165,000</u>	<u>14,480,000</u>
Overall Legal Debt Margin	<u>\$30,840,748</u>	<u>\$36,284,216</u>	<u>\$37,335,433</u>

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2012	2013	2014	2015
Water System Revenue Bonds				
Gross Revenues (1)	\$14,798,053	\$14,656,915	\$14,965,626	\$12,602,429
Direct Operating Expenses (2)	10,868,974	10,505,666	9,477,829	9,364,217
Net Revenue Available for Debt Service	3,929,079	4,151,249	5,487,797	3,238,212
Annual Debt Service Requirement	2,322,567	2,320,492	2,314,717	2,316,840
Coverage (3)	1.69	1.79	2.37	1.40
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$12,181,654	\$14,684,679	\$12,375,483	\$11,950,092
Direct Operating Expenses (2)	6,988,504	7,068,795	6,582,215	6,816,788
Net Revenue Available for Debt Service	5,193,150	7,615,884	5,793,268	5,133,304
Annual Debt Service Requirement	4,853,775	4,901,071	4,852,095	4,844,370
Coverage (3)	1.07	1.55	1.19	1.06
Gas System Revenue Bonds				
Gross Revenues (1)	\$16,611,781	\$24,746,065	\$29,488,952	\$22,013,427
Direct Operating Expenses (2)	14,435,127	22,596,575	28,900,507	19,446,910
Net Revenue Available for Debt Service	2,176,654	2,149,490	588,445	2,566,517
Annual Debt Service Requirement	1,670,737	1,669,237	1,669,738	1,670,375
Coverage (3)	1.30	1.29	0.35	1.54
Electric System Revenue Bonds				
Gross Revenues (1)	\$62,256,537	\$60,360,176	\$62,073,277	\$64,722,757
Direct Operating Expenses (2)	41,468,644	42,282,539	48,620,592	46,586,253
Net Revenue Available for Debt Service	20,787,893	18,077,637	13,452,685	18,136,504
Annual Debt Service Requirement	14,874,641	14,837,797	15,373,471	15,301,211
Coverage (3)	1.40	1.22	0.88	1.19
Special Assessment Bonds				
Special Assessment Collections	\$465,240	\$499,689	\$484,900	\$417,716
Debt Service				
Principal	205,000	135,000	140,000	150,000
Interest	75,698	65,498	58,523	51,078
Coverage	1.66	2.49	2.44	2.08

- (1) Gross revenues include operating revenues plus interest income.
- (2) Direct operating expenses include operating expenses less depreciation.
- (3) Coverage ratios based on GAAP basis figures. Under the terms of the revenue bond indentures, coverage ratios are calculated using Non-GAAP basis figures.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2016	2017	2018	2019
Water System Revenue Bonds				
Gross Revenues (1)	\$13,130,285	\$13,483,093	\$14,070,659	\$14,877,288
Direct Operating Expenses (2)	10,137,417	11,317,676	10,307,917	11,962,646
Net Revenue Available for Debt Service	2,992,868	2,165,417	3,762,742	2,914,642
Annual Debt Service Requirement	2,064,721	2,064,373	1,964,902	2,202,199
Coverage (3)	1.45	1.05	1.91	1.32
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$12,470,466	\$12,541,901	\$12,966,268	\$13,698,367
Direct Operating Expenses (2)	7,155,147	8,054,016	7,950,546	8,824,466
Net Revenue Available for Debt Service	5,315,319	4,487,885	5,015,722	4,873,901
Annual Debt Service Requirement	4,846,320	3,991,788	3,334,502	3,853,762
Coverage (3)	1.10	1.12	1.50	1.26
Gas System Revenue Bonds				
Gross Revenues (1)	\$19,117,737	\$18,531,047	\$21,879,539	\$21,304,490
Direct Operating Expenses (2)	17,472,300	17,472,987	20,149,213	18,711,023
Net Revenue Available for Debt Service	1,645,437	1,058,060	1,730,326	2,593,467
Annual Debt Service Requirement	432,925	184,071	653,671	773,133
Coverage (3)	3.80	5.75	2.65	3.35
Electric System Revenue Bonds				
Gross Revenues (1)	\$66,451,995	\$71,035,797	\$80,569,387	\$82,553,789
Direct Operating Expenses (2)	62,051,190	75,464,636	75,820,874	74,502,740
Net Revenue Available for Debt Service	4,400,805	(4,428,839)	4,748,513	8,051,049
Annual Debt Service Requirement	2,470,584	2,482,759	2,549,893	2,457,340
Coverage (3)	1.78	(1.78)	1.86	3.28
Special Assessment Bonds				
Special Assessment Collections	\$342,130	\$345,325	\$234,082	\$326,617
Debt Service				
Principal	145,000	155,000	165,000	95,000
Interest	43,020	35,153	22,975	17,750
Coverage	1.82	1.82	1.25	2.90

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2020	2021
Water System Revenue Bonds		
Gross Revenues (1)	\$14,583,444	\$14,251,861
Direct Operating Expenses (2)	12,196,520	9,077,783
Net Revenue Available for Debt Service	2,386,924	5,174,078
Annual Debt Service Requirement	2,046,015	2,053,313
Coverage (3)	1.17	2.52
Wastewater System Revenue Bonds		
Gross Revenues (1)	\$13,390,424	\$12,901,120
Direct Operating Expenses (2)	9,376,304	6,262,619
Net Revenue Available for Debt Service	4,014,120	6,638,501
Annual Debt Service Requirement	3,448,133	3,453,050
Coverage (3)	1.16	1.92
Gas System Revenue Bonds		
Gross Revenues (1)	\$17,982,935	\$18,088,032
Direct Operating Expenses (2)	16,729,845	15,450,558
Net Revenue Available for Debt Service	1,253,090	2,637,474
Annual Debt Service Requirement	773,414	773,981
Coverage (3)	1.62	3.41
Electric System Revenue Bonds		
Gross Revenues (1)	\$81,042,173	\$85,337,028
Direct Operating Expenses (2)	75,849,959	62,587,101
Net Revenue Available for Debt Service	5,192,214	22,749,927
Annual Debt Service Requirement	2,592,672	2,769,300
Coverage (3)	2.00	8.22
Special Assessment Bonds		
Special Assessment Collections	\$308,315	\$391,494
Debt Service		
Principal	100,000	80,000
Interest	12,175	6,300
Coverage	2.75	4.54

CITY OF HAMILTON, OHIO

Demographic and Economic Statistics Last Ten Years

Calendar Year	2012	2013	2014	2015
Population (1)				
City of Hamilton	62,295	62,477	62,258	62,486
Butler County	369,999	368,130	371,272	374,158
Income (2) (a)				
Total Personal (in thousands)	14,375,201	14,468,982	14,592,475	15,294,831
Per Capita	38,852	39,304	39,304	40,878
Unemployment Rate (3)				
Federal	8.1%	7.4%	6.2%	5.3%
State	7.2%	7.4%	5.6%	4.6%
Butler County	7.1%	6.9%	4.9%	4.2%
Civilian Work Force Estimates (3)				
State	5,748,000	5,766,000	5,737,000	5,703,400
Butler County	189,600	190,500	191,100	186,900

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available for the County. Total Personal Income is presented for the County. US Department of Commerce, Bureau of Economic Analysis information is only available through 2020, for the presentation of 2020 and 2021 statistics, the City is using the latest information available.
- (3) State Department of Labor Statistics

(continued)

CITY OF HAMILTON, OHIO

Demographic and Economic Statistics Last Ten Years

Calendar Year	2016	2017	2018	2019
Population (1)				
City of Hamilton	62,359	62,127	62,092	62,174
Butler County	372,538	380,604	382,378	383,134
Income (2) (a)				
Total Personal (in thousands)	15,631,343	15,680,621	16,197,532	16,229,556
Per Capita	41,534	42,620	42,360	42,360
Unemployment Rate (3)				
Federal	4.9%	4.4%	3.8%	3.5%
State	4.7%	5.0%	4.5%	4.1%
Butler County	4.1%	4.4%	3.7%	3.3%
Civilian Work Force Estimates (3)				
State	5,673,900	5,849,603	5,416,810	5,574,900
Butler County	187,900	190,208	153,227	188,200

(continued)

CITY OF HAMILTON, OHIO

*Demographic and Economic Statistics
Last Ten Years*

Calendar Year	2020	2021
Population (1)		
City of Hamilton	62,182	63,399
Butler County	384,268	390,357
Income (2) (a)		
Total Personal (in thousands)	18,217,377	18,371,762
Per Capita	47,408	47,064
Unemployment Rate (3)		
Federal	6.0%	3.8%
State	5.6%	4.3%
Butler County	4.9%	4.7%
Civilian Work Force Estimates (3)		
State	5,706,400	5,743,600
Butler County	192,400	141,966

CITY OF HAMILTON, OHIO

*Principal Employers
Current Year and Nine Years Ago*

		2021	
Employer	Nature of Business	Number of Employees	Rank
Butler County	Government	1,500	1
Hamilton City School District	Education	1,185	2
Fort Hamilton Hospital	Health Care	1,010	3
ThyssenKrupp Bilstein of America (HQ)	Manufacturing	700	4
Community First Solutions (HQ)	Health Care	650	5
City of Hamilton	Government	622	6
Miami University - Hamilton	Education	400	7
Barclaycard	Communication Technology	300	8
Darana Hybrid	Manufacturing	290	9
Vinylmax	Manufacturing	275	10
Total		6,932	

Total Employment within the City (1) N/A

		2012	
Employer	Nature of Business	Number of Employees	Rank
Butler County	Government	1,750	1
Hamilton City School District	Education	1,095	2
Fort Hamilton Hospital	Health Care	1,020	3
City of Hamilton	Government	680	4
Community First	Health Care	600	5
Miami University - Hamilton	Education	370	6
Meijer	Retail	325	7
ThyssenKrupp Bilstein of America	Manufacturing	250	8
The Kroger Company	Retail	250	9
First Financial Bank	Financial	230	10
Total		6,570	

Total Employment within the City (1) N/A

(1) - Total employment within the City is not available.

Source: City Records

CITY OF HAMILTON, OHIO

Full Time Equivalent Employees by Function Last Ten Years

	2012	2013	2014	2015	2016
Governmental Activities					
General Government					
City Administration	21.50	23.00	23.75	16.50	19.00
Engineering	9.00	6.00	7.00	4.00	5.00
Municipal Court	31.50	30.75	27.50	27.00	27.50
Information Technology	7.00	6.00	6.00	5.00	14.00
Finance	36.00	34.50	33.25	29.00	28.50
Security of Persons and Property					
Police	136.00	121.75	118.00	121.25	124.00
Fire	107.00	95.00	97.00	96.25	98.50
Public Health and Welfare Services					
Health	10.50	11.50	13.25	15.50	15.75
Leisure Time Activities					
Parks and Recreation	18.00	17.50	17.75	15.00	14.50
Community Environment					
Planning and Zoning	15.00	15.00	15.00	16.50	16.75
Transportation					
Street	57.00	60.00	60.00	56.25	57.25
Business-Type Activities					
Utilities					
Gas	29.00	30.00	28.00	26.00	27.00
Electric	105.00	105.00	111.50	96.75	103.00
Water	32.00	30.00	25.00	30.25	31.75
Wastewater	19.00	16.00	14.00	26.00	25.75
Utility Customer Service	26.00	25.00	17.00	19.00	18.00
<i>Total Employees</i>	<u>659.50</u>	<u>627.00</u>	<u>614.00</u>	<u>600.25</u>	<u>626.25</u>

Method: 1.00 for each full-time, 0.50 for each part-time and
0.25 for each seasonal employee

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Full Time Equivalent Employees by Function
Last Ten Years*

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities					
General Government					
City Administration	19.00	19.50	23.00	23.54	24.54
Engineering	5.00	5.00	5.00	5.00	5.00
Municipal Court	28.50	28.00	29.50	31.00	30.00
Information Technology	14.00	14.25	12.25	10.25	9.25
Finance	24.75	22.25	18.00	15.25	15.25
Security of Persons and Property					
Police	136.00	133.00	136.00	133.33	132.33
Fire	107.00	105.00	105.00	102.83	103.33
Public Health and Welfare Services					
Health	14.75	13.00	12.00	10.30	8.05
Leisure Time Activities					
Parks and Recreation	14.50	13.00	11.75	14.40	14.90
Community Environment					
Planning and Zoning	13.75	13.50	8.50	7.90	8.40
Transportation					
Street	53.00	56.00	66.75	57.20	54.70
Business-Type Activities					
Utilities					
Gas	22.75	26.50	27.50	27.00	26.05
Electric	99.00	102.50	100.25	96.40	91.15
Water	36.00	35.00	38.50	38.98	37.73
Wastewater	25.50	24.00	31.00	29.12	27.82
Utility Customer Service	16.00	17.00	16.00	15.00	17.00
<i>Total Employees</i>	<u>629.50</u>	<u>627.50</u>	<u>641.00</u>	<u>617.50</u>	<u>605.50</u>

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2011	2012	2013	2014
Governmental Activities				
General Government				
Licenses and Permits				
Building Permits Issued - Residential	189	292	299	354
Building Permits Issued - Commercial	300	331	340	282
Security of Persons and Property				
Police				
Misdemeanor Arrests	6,589	3,832	3,159	6,237
Felony Arrests	1,587	1,371	1,519	773
Traffic Citations Issued	6,418	4,903	4,315	4,253
Parking Tickets Written	3,721	2,923	2,710	2,437
Fire / Emergency Medical Services				
Number of Calls Answered	11,733	12,091	11,657	12,157
Number of Inspections	2,159	637	295	520
Number of Emergency Medical Calls	9,121	9,471	9,239	9,700
Transportation				
Street				
Street Resurfacing (Center Line miles)	17.97	3.20	3.49	1.82
Parking				
Parking Levels	6.50	6.50	5.00	5.00
Parking Spaces	754	754	550	550
Average Daily Cars Parked	457	423	N/A	N/A
Parking / Meters - On Street and Lots	836	818	753	656
Public Works				
Refuse Collection				
Refuse Collected (tons)	25,823	23,149	23,227	23,232
Recyclables Collected (tons)	2,023	2,534	2,728	2,697
Leisure Time Activities				
Parks and Recreation				
Athletic Field Permits Issued*	60	65	75	132
Public Health and Welfare Services				
Health Care				
Number of Patient Beds	320	320	274	209

*Beginning in 2015, athletic field permits are issued by the Hamilton Parks Conservancy.

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2015	2016	2017	2018
Governmental Activities				
General Government				
Licenses and Permits				
Building Permits Issued - Residential	318	400	349	385
Building Permits Issued - Commercial	325	368	411	346
Security of Persons and Property				
Police				
Misdemeanor Arrests	6,025	5,488	6,462	6,546
Felony Arrests	637	754	892	791
Traffic Citations Issued	4,698	5,058	4,934	4,952
Parking Tickets Written	2,107	2,195	900	1,161
Fire / Emergency Medical Services				
Number of Calls Answered	12,724	12,967	14,482	14,254
Number of Inspections	980	96	478	565
Number of Emergency Medical Calls	10,208	10,337	13,002	12,161
Transportation				
Street				
Street Resurfacing (Center Line miles)	3.56	1.12	3.54	2.83
Parking				
Parking Levels	5.00	5.00	5.00	5.00
Parking Spaces	550	550	550	550
Average Daily Cars Parked	N/A	N/A	N/A	N/A
Parking / Meters - On Street and Lots	524	524	445	538
Public Works				
Refuse Collection				
Refuse Collected (tons)	23,190	23,282	23,907	24,278
Recyclables Collected (tons)	2,644	2,660	2,645	2,536
Leisure Time Activities				
Parks and Recreation				
Athletic Field Permits Issued*	N/A	N/A	N/A	N/A
Public Health and Welfare Services				
Health Care				
Number of Patient Beds	296	320	358	257

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2019	2020	2021
Governmental Activities			
General Government			
Licenses and Permits			
Building Permits Issued - Residential	479	528	528
Building Permits Issued - Commercial	162	233	302
Security of Persons and Property			
Police			
Misdemeanor Arrests	6,613	5,992	3,692
Felony Arrests	777	982	591
Traffic Citations Issued	4,838	3,450	3,433
Parking Tickets Written	4,310	2,633	3,798
Fire / Emergency Medical Services			
Number of Calls Answered	14,412	13,744	14,468
Number of Inspections	1,220	497	686
Number of Emergency Medical Calls	12,693	11,825	11,260
Transportation			
Street			
Street Resurfacing (Center Line miles)	4.32	4.61	2.19
Parking			
Parking Levels	5.00	5.00	5.00
Parking Spaces	550	550	550
Average Daily Cars Parked	N/A	N/A	N/A
Parking / Meters - On Street and Lots	538	400	486
Public Works			
Refuse Collection			
Refuse Collected (tons)	24,822	27,221	27,706
Recyclables Collected (tons)	2,296	2,587	2,520
Leisure Time Activities			
Parks and Recreation			
Athletic Field Permits Issued*	N/A	N/A	N/A
Public Health and Welfare Services			
Health Care			
Number of Patient Beds	241	268	182

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2011	2012	2013	2014
Business-Type Activities				
Gas				
Average Daily Consumption (100 cubic feet)	8,808	6,823	9,969	10,243
Peak Daily Consumption (100 cubic feet)	27,425	23,042	27,136	33,759
Electric				
Peak Demand (MW)	159	152	140	133
Energy Requirement (MWh)	651,892	613,645	619,273	613,779
Total System Sales (MWh)	618,083	583,773	566,426	594,699
Total Residential Customers	26,085	26,052	26,099	26,127
Total Commercial Customers	2,952	2,926	2,922	2,915
Water				
New Service Connections	4	18	25	23
Water Main Breaks	87	77	117	83
Average Daily Consumption (thousands of gallons)	17,644	16,322	15,458	14,490
Peak Daily Consumption (thousands of gallons)	25,545	21,495	20,323	18,204
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	14.2	8.6	8.4	8.9

Source: City Records

N/A = Information Not Available

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2015	2016	2017	2018
Business-Type Activities				
Gas				
Average Daily Consumption (100 cubic feet)	6,794	6,505	6,861	7,549
Peak Daily Consumption (100 cubic feet)	32,152	25,089	26,769	28,170
Electric				
Peak Demand (MW)	143	145	135	132
Energy Requirement (MWh)	614,023	604,727	585,366	610,054
Total System Sales (MWh)	561,624	571,211	552,949	583,686
Total Residential Customers	26,347	26,379	26,783	26,400
Total Commercial Customers	2,908	2,895	2,886	2,887
Water				
New Service Connections	23	30	84	76
Water Main Breaks	83	72	42	73
Average Daily Consumption (thousands of gallons)	14,490	15,222	14,766	11,792
Peak Daily Consumption (thousands of gallons)	18,204	22,215	19,491	22,331
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	8.9	8.5	9.0	10.8

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Business-Type Activities			
Gas			
Average Daily Consumption (100 cubic feet)	7,349	6,709	7,221
Peak Daily Consumption (100 cubic feet)	32,496	23,495	23,770
Electric			
Peak Demand (MW)	124	132	136
Energy Requirement (MWh)	599,026	573,848	594,261
Total System Sales (MWh)	565,567	547,178	562,007
Total Residential Customers	26,528	26,583	26,654
Total Commercial Customers	2,908	2,908	2,928
Water			
New Service Connections	124	83	77
Water Main Breaks	43	38	76
Average Daily Consumption (thousands of gallons)	16,452	15,560	15,034
Peak Daily Consumption (thousands of gallons)	21,386	24,823	19,477
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	10.4	9.2	7.7

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2012	2013	2014	2015
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	40	40	40	40
Fire / Emergency Medical Services				
Stations	6	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	7,011	7,028	7,029	9,043
Traffic Signals	96	96	95	95
Parking				
Off street Parking Garages	2	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	52	54	54	54
Park Area (acres)	1,300	1,308	1,308	1,308
Playgrounds	24	24	24	24
Ball Fields				
Lighted	9	9	9	9
Unlighted	34	34	34	34
Tennis Courts				
Lighted	2	2	2	2
Unlighted	6	6	6	6
Swimming Pools	1	1	1	1
Splash Pads			3	3
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2016	2017	2018	2019
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	49	60	60	60
Fire / Emergency Medical Services				
Stations	5	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	9,043	9,050	9,051	9,051
Traffic Signals	95	92	94	94
Parking				
Off street Parking Garages	1	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	36	44	47	47
Park Area (acres)	1,308	1,315	1,261	1,261
Playgrounds	24	23	26	26
Ball Fields				
Lighted	10	9	9	9
Unlighted	34	34	34	34
Tennis Courts				
Lighted	1	1	1	1
Unlighted	3	5	5	5
Swimming Pools	1	1	1	1
Splash Pads	5	8	8	8
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

Capital Asset Statistics by Function Last Ten Years

	2020	2021
Governmental Activities		
General Government		
Public Land and Buildings		
Land (Square Miles)	21.68	21.68
Security of Persons and Property		
Police		
Stations	1	1
Patrol Cruisers	60	60
Fire / Emergency Medical Services		
Stations	5	5
Transportation		
Street		
Streets (lane miles)	254.21	254.21
Street Lights	9,051	9,603
Traffic Signals	97	97
Parking		
Off street Parking Garages	1	1
Leisure Time Activities		
Parks and Recreation		
Parks	46	46
Park Area (acres)	1,261	1,261
Playgrounds	26	26
Ball Fields		
Lighted	9	9
Unlighted	34	34
Tennis Courts		
Lighted	1	1
Unlighted	6	6
Swimming Pools	1	1
Splash Pads	8	8
Golf Courses	2	2
Skateboard Park	1	1
Community Environment		
Libraries	1	1
Public Health and Welfare		
Hospitals	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2012	2013	2014	2015
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	340.0	345.0	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2016	2017	2018	2019
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	340.1	340.1	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

(continued)

CITY OF HAMILTON, OHIO

Capital Asset Statistics by Function
Last Ten Years

	<u>2020</u>	<u>2021</u>
Business-Type Activities		
Utilities		
Water		
Purification Plants	2	2
Maximum Capacity (millions of gallons)	46	46
Waterlines (Miles)	340.1	340.1
Wastewater		
Treatment Plants	1	1
Maximum Capacity (millions of gallons)	32	32
Sanitary Sewerlines (Miles)	253.0	253.0
Storm Drains (Miles)	188.2	188.2

CITY OF HAMILTON, OHIO





CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Wastewater System, an enterprise fund of the City of Hamilton, Ohio (the Wastewater System), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wastewater System as of December 31, 2021 and 2020, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wastewater System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Wastewater System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 10, 2022

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Wastewater System's financial performance provide an overall review of that System's financial activities for the years ended December 31, 2021 and 2020. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2021 are as follows:

- The assets and deferred outflows of resources of the Hamilton Wastewater System exceed its liabilities and deferred inflows of resources at the close of 2021 and 2020 by \$28,338,265 and \$25,711,379 (net position), respectively. Of these amounts, \$10,390,443 and \$11,015,404 (unrestricted net position) in those years were available to meet the System's ongoing obligations to customers and creditors.
- The System's total net position increased by \$2,626,886 between 2021 and 2020, representing a 10.22% increase.
- In 2021, the Wastewater System's long-term debt decreased by a net \$404,788 due to meeting debt service requirements.

Wastewater System Summary

The City of Hamilton, Ohio owns and operates the Wastewater System, serving approximately 23,000 customers. The System consists of the treatment plant and sanitary sewer. The initial sludge plant was placed in service in 1959. In 1978, the Wastewater System was expanded to provide complete treatment services and an expansion of treatment facilities was completed during 2002.

The treatment plant, known as the Wastewater Reclamation Facility (WRF), is able to fully treat 32 MGD, the capacity of the WRF secondary treatment process. Wastewater flows in excess of 32 MGD receive only partial treatment. The stormwater train provides only primary treatment. The stormwater train's effluent is currently blended with fully treated flow from the wastewater train prior to disinfection, dechlorination and discharge to the Great Miami River.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Wastewater System for the years ended December 31, 2021 and 2020.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Reporting Hamilton's Wastewater System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Wastewater System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Wastewater System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2021 and 2020. The City of Hamilton's Wastewater System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Wastewater Fund are restricted to Wastewater System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Wastewater Fund and asks the question, "How did we do financially during 2021 and 2020?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Wastewater System's Financial Statements provide additional information that is essential to a full understanding of the data provided. The System provides services that have a charge based upon the amount of usage. The City's Wastewater System charges fees to recoup the cost of the entire operation of the Wastewater System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Wastewater Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,338,265, \$25,711,379, and \$25,647,080 as of December 31, 2021, 2020, and 2019, respectively. One of the largest portions of the net position of the Wastewater System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 53% for 2021, 46% for 2020, and 40% for 2019. The System employs these assets in the treatment and collection of sanitary sewer flow; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, because the capital assets themselves cannot be used to liquidate the liabilities.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Table 1 provides a summary of the Wastewater System's Statement of Net Position for the Years Ended December 31, 2021, 2020, and 2019.

	2021	2020	2019
Current and other assets	\$ 18,280,847	\$ 20,822,656	\$ 21,027,151
Capital assets	60,237,942	57,227,828	57,692,272
Total assets	<u>78,518,789</u>	<u>78,050,484</u>	<u>78,719,423</u>
 Deferred outflows of resources	 638,051	 1,008,785	 1,415,902
 Long-term liabilities:			
Net pension liability	1,950,809	2,651,956	3,069,559
OPEB liabilities	336,373	2,210,428	1,780,674
Other long-term amounts	42,872,915	43,738,344	46,211,338
Other liabilities	4,082,083	3,912,392	3,375,877
Total liabilities	<u>49,242,180</u>	<u>52,513,120</u>	<u>54,437,448</u>
 Deferred inflows of resources	 1,576,395	 834,770	 50,797
 Net investment in capital assets	 15,086,041	 11,818,895	 10,335,181
Restricted	2,861,781	2,877,080	2,774,874
Unrestricted	10,390,443	11,015,404	12,537,025
Total net position	<u>\$ 28,338,265</u>	<u>\$ 25,711,379</u>	<u>\$ 25,647,080</u>

The net pension liability (NPL) is reported by the Wastewater System pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability/(asset) are reported by the Wastewater System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Wastewater System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Wastewater System's financial statements as a result of the Wastewater System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Wastewater System's financial statements reflects OPEB benefits provided by the Wastewater System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Wastewater System's proportionate share of each plan's collective:

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

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

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

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

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Wastewater System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

As of December 31, 2021, 2020, and 2019, the Wastewater System is able to report positive balances in net position. The Wastewater System reported operating income of \$3,940,517, \$1,027,032, and \$1,508,002 in 2021, 2020, and 2019, respectively. The increase in operating income was a direct result of changes in the net pension and net OPEB liabilities.

Net non-operating expenses of \$1,313,631 increased by \$350,898 in 2021, primarily due to unrealized losses on investments.

Statements of Revenues, Expenses and Changes in Net Position

	2021	2020	2019
Operating revenues	\$ 12,971,767	\$ 13,109,026	\$ 13,454,526
Operating expenses:			
Depreciation	2,768,631	2,705,690	3,122,058
Other operating expenses	6,262,619	9,376,304	8,824,466
Total operating expenses	<u>9,031,250</u>	<u>12,081,994</u>	<u>11,946,524</u>
Operating income	3,940,517	1,027,032	1,508,002
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,239,131)	(1,279,207)	(1,823,318)
Loss on disposal of capital assets	(3,853)	-	(9,613)
Other non-operating revenues	(70,647)	316,474	479,482
Total non-operating revenues (expenses)	<u>(1,313,631)</u>	<u>(962,733)</u>	<u>(1,353,449)</u>
Change in net position	2,626,886	64,299	154,553
Beginning net position	<u>25,711,379</u>	<u>25,647,080</u>	<u>25,492,527</u>
Ending net position	<u>\$ 28,338,265</u>	<u>\$ 25,711,379</u>	<u>\$ 25,647,080</u>

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Wastewater System as of December 31, 2021, 2020, and 2019 amounted to \$15.1 million, \$11.8 million, and \$10.3 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Wastewater System asset activity during 2021.

Debt Administration: At the end of 2021, the City had outstanding long-term bond issues and loans totaling \$42,882,816.

See Note 6 for a discussion of the outstanding Wastewater System bonds and related activity.

Economic Factors and Future Trends

Wastewater customer classes include residential, commercial, industrial and large contract customers. The Wastewater System serves the entire City and certain adjacent areas and accounts for 99% of the wastewater treatment services within the corporate limits of the City.

Wastewater rates, as with the other City utility rates, are established by City ordinance and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any Federal or State regulatory body. In 2016, City Council approved a rate ordinance providing for a series of five rate increases of approximately 3% annually, with the first increase effective August 1, 2016, and each subsequent increase, thereafter, effective July 1, for years 2017 through 2020. The City has a single rate schedule, applicable to all wastewater customers in the City, with the exception of customers that have separate agreements. The rate schedule provides for a basic billing charge; a capacity charge based on the water meter size; a service charge based on flow or volume of usage; a surcharge for Biochemical Oxygen Demand (BOD) in excess of 200 milligrams per liter (mg/l); and a surcharge for Suspended Solids (SS) in excess of 300 mg/l. The surcharge tolerance for SS were increased, effective July 1, 2012, from SS in excess of 250 mg/l to 300 mg/l, to more accurately reflect the cost of treatment. As with the other City utilities, there is a suburban surcharge (150%) levied on wastewater customers located outside the corporate limits of Hamilton.

The annual budget of the Wastewater System is adopted in accordance with ten-year projections developed by City Staff. These projects are thoroughly reviewed and updated in the Spring and Fall of each year or more often as deemed necessary by City Management.

City of Hamilton, Ohio

Wastewater System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

In January 2007, the City and the Ohio EPA entered into a Modified Consent Order to address the remaining Ohio EPA issues with the Wastewater System. This Modified Consent Order required a number of reports to be filed with the Ohio EPA, including a Management, Operation and Maintenance (MOM) Report of the sanitary sewer system; an audit of the MOM Report, one year later; an Overflow Emergency Response Plan (OERP); and a System Evaluation and Capacity Assurance Plan (SECAP), with an implementation schedule. The Modified Consent Order also regulated the reporting of overflow and bypass monitoring. The City has received Ohio EPA approval of the required submitted reports and programs. In a letter dated July 11, 2009, the SECAP was approved by the Ohio EPA Director as adequate and complete. The SECAP document serves as the master plan of capital improvements to the Wastewater System to satisfy the Modified Consent Order. In 2012, a Preliminary Engineering Report, detailing changes to the SECAP, was submitted to the Ohio EPA. The changes to the SECAP were due primarily to the closure of the two paper mills in Hamilton and subsequent significant reduction in wastewater flow. The Report detailed the changes and modifications recommended for the Water Reclamation Facility and Interceptor Improvement Projects. The Report also requested a one-year extension of the completion date for these Projects, to October 1, 2015. The Ohio EPA approved the changes to the SECAP detailed in the Report.

During 2013, the Wastewater System began construction of the improvements identified within the approved SECAP, including the construction of a sewer overflow interceptor along the Great Miami River. The interceptor project was bid in 2013, with an accepted bid of approximately \$12 million. This was completed in 2015. Additionally, significant improvements were required at the Water Reclamation Facility to meet the requirements of the SECAP. Phase I of these improvements began in 2011 and totaled almost \$5.1 million. Phase II of these improvements began in 2014 and is estimated to cost approximately \$6.5 million. All requirements of the SECAP were completed in 2016.

The City maintains an A1 bond rating with a stable outlook for its Wastewater System.

Requests for Information

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

**CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and investments	\$ 13,435,352	16,258,507
Accounts receivable (less allowance for uncollectible accounts of \$559,883 and \$586,043, respectively)	1,675,232	1,594,415
Interest receivable	16,106	22,959
Inventory of supplies at cost	2,551	1,248
Prepaid expenses	49,945	68,447
Total current assets	<u>15,179,186</u>	<u>17,945,576</u>
Restricted assets:		
Cash and investments	<u>2,861,781</u>	<u>2,877,080</u>
Noncurrent assets:		
Net OPEB asset	239,880	-
Nondepreciable capital assets	10,791,889	8,266,962
Depreciable capital assets, net	49,446,053	48,960,866
Total noncurrent assets	<u>60,477,822</u>	<u>57,227,828</u>
Total assets	<u>78,518,789</u>	<u>78,050,484</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	199,881	249,148
Pension	264,256	409,452
OPEB	173,914	350,185
Total deferred outflows of resources	<u>638,051</u>	<u>1,008,785</u>
LIABILITIES		
Current liabilities:		
Accounts payable	867,832	767,297
Accrued wages and benefits	98,397	73,145
Intergovernmental payable	35,861	34,990
Accrued interest payable	375,755	394,489
Customer deposits payable	283,476	295,172
Compensated absences payable - current portion	219,030	233,138
OWDA loans payable - current portion	55,281	37,711
OPWC loans payable - current portion	121,451	121,450
General obligation bonds payable - current portion	25,000	20,000
Revenue bonds payable - current portion	2,000,000	1,935,000
Total current liabilities	<u>4,082,083</u>	<u>3,912,392</u>
Non-current liabilities:		
Compensated absences payable	194,910	204,149
OWDA loans payable	1,302,600	1,253,546
OPWC loans payable	4,823,484	3,339,897
General obligation bonds payable	470,000	495,000
Revenue bonds payable	36,081,921	38,445,752
Net pension liability	1,950,809	2,651,956
Net OPEB liability	-	1,884,120
Total OPEB liability	336,373	326,308
Total noncurrent liabilities	<u>45,160,097</u>	<u>48,600,728</u>
Total liabilities	<u>49,242,180</u>	<u>52,513,120</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	841,970	562,534
OPEB	734,425	272,236
Total deferred inflows of resources	<u>1,576,395</u>	<u>834,770</u>
NET POSITION		
Net investment in capital assets	15,086,041	11,818,895
Restricted for debt service	861,781	877,080
Restricted for rate stabilization	2,000,000	2,000,000
Unrestricted	10,390,443	11,015,404
Total net position	<u>\$ 28,338,265</u>	<u>25,711,379</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for services	\$ 12,940,484	13,063,853
Other operating revenues	<u>31,283</u>	<u>45,173</u>
Total operating revenues	<u>12,971,767</u>	<u>13,109,026</u>
Operating expenses:		
Personal services	1,050,498	4,019,550
Materials and supplies	262,142	258,444
Contractual services	2,405,109	2,583,623
Depreciation	2,768,631	2,705,690
Other operating expenses	<u>2,544,870</u>	<u>2,514,687</u>
Total operating expenses	<u>9,031,250</u>	<u>12,081,994</u>
Operating income	3,940,517	1,027,032
Non-operating revenues (expenses):		
Investment earnings	(70,647)	281,398
Grants	-	35,076
Loss on disposal of capital assets	(3,853)	-
Interest and fiscal charges	<u>(1,239,131)</u>	<u>(1,279,207)</u>
Total non-operating revenues (expenses)	<u>(1,313,631)</u>	<u>(962,733)</u>
Change in net position	2,626,886	64,299
Net position - beginning of year	<u>25,711,379</u>	<u>25,647,080</u>
Net position - end of year	\$ <u>28,338,265</u>	<u>25,711,379</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 12,890,950	13,208,067
Cash paid for employee services and benefits	(2,799,347)	(2,849,946)
Cash paid to suppliers for goods and services	<u>(5,294,424)</u>	<u>(5,306,796)</u>
Net cash from operating activities	<u>4,797,179</u>	<u>5,051,325</u>
Cash flows from noncapital financing activities:		
Intergovernmental grants	<u>-</u>	<u>35,076</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisitions	(5,594,622)	(1,836,475)
Loan proceeds	1,725,695	-
Bonds principal retirement	(1,955,000)	(1,925,000)
Loan principal retirement	(175,483)	(113,365)
Debt interest payments and fiscal charges	<u>(1,572,429)</u>	<u>(1,600,632)</u>
Net cash from capital and related financing activities	<u>(7,571,839)</u>	<u>(5,475,472)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(63,794)</u>	<u>306,675</u>
Net change in cash and investments	(2,838,454)	(82,396)
Cash and investments at beginning of year	<u>19,135,587</u>	<u>19,217,983</u>
Cash and investments at end of year	<u>\$ 16,297,133</u>	<u>19,135,587</u>
Reconciliation of operating income to net cash from operating activities:		
Operating income	\$ 3,940,517	1,027,032
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	2,768,631	2,705,690
Change in deferred outflows-pension and OPEB	321,467	357,850
Change in deferred inflows-pension and OPEB	741,625	783,973
Changes in assets and liabilities:		
(Increase) decrease in receivables	(80,817)	99,041
(Increase) decrease in inventory	(1,303)	593
(Increase) decrease in prepaid items	18,502	(2,812)
Increase (decrease) in customer deposits payable	(11,696)	(10,356)
Increase (decrease) in payables	(87,441)	59,393
Increase (decrease) in accrued liabilities	1,905	15,622
Increase (decrease) in intergovernmental payables	871	3,148
(Increase) decrease in net OPEB asset	(239,880)	-
Increase (decrease) in net pension liability	(701,147)	(417,603)
Increase (decrease) in net OPEB liability	(1,884,120)	404,038
Increase (decrease) in total OPEB liability	<u>10,065</u>	<u>25,716</u>
Net cash from operating activities	<u>\$ 4,797,179</u>	<u>5,051,325</u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	<u>\$ 748,032</u>	<u>560,056</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM

Notes to Financial Statements Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Wastewater System (Wastewater System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Wastewater System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Wastewater System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Wastewater System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Wastewater System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Wastewater System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Wastewater System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond premiums were \$363,831 during 2021 and 2020.

Compensated Absences – The Wastewater System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the Wastewater System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Wastewater System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Wastewater System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

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

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Wastewater System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Wastewater System totaled \$15,435,352 at December 31, 2021 and \$18,258,507 at December 31, 2020 consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$861,781 at December 31, 2021 and \$877,080 at December 31, 2020.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2021 and 2020, approximately 97% of the City's deposits with financial institutions, including the amount of pooled deposits related to the Wastewater System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Wastewater System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Wastewater Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

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

The City’s pooled investments, as well as the investments held by trustees specifically for the Wastewater System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.80 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Earned and unbilled consumer accounts	\$ 832,218	819,743
Earned and billed consumer accounts	1,393,482	1,349,884
Other	9,415	10,831
Less allowance for uncollectible accounts	<u>(559,883)</u>	<u>(586,043)</u>
Total	<u>\$ 1,675,232</u>	<u>1,594,415</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$2,861,781 and \$2,877,080 at December 31, 2021 and 2020, respectively.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,847,497	\$ -	\$ -	\$ 2,847,497
Construction in progress	5,419,465	4,642,251	(2,117,324)	7,944,392
Subtotal	<u>8,266,962</u>	<u>4,642,251</u>	<u>(2,117,324)</u>	<u>10,791,889</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,659,784	-	-	82,659,784
Machinery and equipment	47,598,213	3,257,671	(70,210)	50,785,674
Subtotal	<u>130,257,997</u>	<u>3,257,671</u>	<u>(70,210)</u>	<u>133,445,458</u>
Totals at historical cost	<u>138,524,959</u>	<u>7,899,922</u>	<u>(2,187,534)</u>	<u>144,237,347</u>
Less accumulated depreciation:				
Buildings and improvements	44,352,650	589,471	-	44,942,121
Machinery and equipment	36,944,481	2,179,160	(66,357)	39,057,284
Total accumulated depreciation	<u>81,297,131</u>	<u>2,768,631</u>	<u>(66,357)</u>	<u>83,999,405</u>
Capital assets, net	<u>\$ 57,227,828</u>	<u>\$ 5,131,291</u>	<u>\$ (2,121,177)</u>	<u>\$ 60,237,942</u>

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,847,497	\$ -	\$ -	\$ 2,847,497
Construction in progress	4,143,853	1,436,837	(161,225)	5,419,465
Subtotal	<u>6,991,350</u>	<u>1,436,837</u>	<u>(161,225)</u>	<u>8,266,962</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	82,659,784	-	-	82,659,784
Machinery and equipment	46,632,579	965,634	-	47,598,213
Subtotal	<u>129,292,363</u>	<u>965,634</u>	<u>-</u>	<u>130,257,997</u>
Totals at historical cost	<u>136,283,713</u>	<u>2,402,471</u>	<u>(161,225)</u>	<u>138,524,959</u>
Less accumulated depreciation:				
Buildings and improvements	43,746,128	606,522	-	44,352,650
Machinery and equipment	34,845,313	2,099,168	-	36,944,481
Total accumulated depreciation	<u>78,591,441</u>	<u>2,705,690</u>	<u>-</u>	<u>81,297,131</u>
Capital assets, net	<u>\$ 57,692,272</u>	<u>\$ (303,219)</u>	<u>\$ (161,225)</u>	<u>\$ 57,227,828</u>

6. LONG TERM DEBT

In October 2016, the Wastewater System refunded \$10,840,000 of Series 2005 Wastewater System Revenue Refunding Bonds. The net proceeds of the Series 2016 bonds have been used to currently refund the Series 2005 Bonds that were originally issued to refund the 1996 and 1998 Wastewater Revenue Bonds. These bonds fully mature in 2026 with interest ranging from 1.75 to 5.0 percent per annum.

In April 2018, the Wastewater System currently refunded the 2017 Notes through the issuance of \$25,325,000 of Series 2018 Wastewater System Refunding Revenue Bonds. These bonds fully mature in 2041 and with interest ranging from 2.0 to 5.0 percent per annum.

In 2018, the City issued \$11,025,000 in Series 2018 General Obligation Various Purpose Bonds. Proceeds of \$555,000 will fund wastewater line improvements. The Wastewater System's portion of the bonds fully mature in 2038 with interest ranging from 2.6 to 4.0 percent per annum.

In November 2019, the Wastewater System defeased \$10,865,000 of the Series 2009B Taxable Wastewater System Build America Revenue Bonds through the issuance of \$8,865,000 of Series 2019 Wastewater Mortgage Revenue Refunding Bonds, and additional cash on hand. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Debt activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Series 2016 Revenue Bonds	\$ 6,185,000	\$ -	\$ (920,000)	\$ 5,265,000	\$ 965,000
Series 2018 Refunding Bonds	23,265,000	-	(755,000)	22,510,000	770,000
Series 2018 G.O. Bonds	515,000	-	(20,000)	495,000	25,000
Series 2019 Refunding Bonds	8,570,000	-	(260,000)	8,310,000	265,000
Less deferred amount for issuance premiums	2,360,752	-	(363,831)	1,996,921	-
<i>Direct borrowing:</i>					
OWDA loan	1,291,257	120,657	(54,033)	1,357,881	55,281
OPWC loan	3,461,347	1,605,038	(121,450)	4,944,935	121,451
Compensated absences	437,287	209,791	(233,138)	413,940	219,030
Total bonds	<u>\$ 46,085,643</u>	<u>\$ 1,935,486</u>	<u>\$ (2,727,452)</u>	<u>\$ 45,293,677</u>	<u>\$ 2,420,762</u>

Debt activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Additions	Reductions	Balance 12/31/20	Due Within One Year
Series 2016 Revenue Bonds	7,060,000	-	(875,000)	6,185,000	920,000
Series 2018 Refunding Bonds	24,000,000	-	(735,000)	23,265,000	755,000
Series 2018 G.O. Bonds	535,000	-	(20,000)	515,000	20,000
Series 2019 Refunding Bonds	8,865,000	-	(295,000)	8,570,000	260,000
Less deferred amount for issuance premiums	2,724,583	-	(363,831)	2,360,752	-
<i>Direct borrowing:</i>					
OWDA loan	1,343,897	-	(52,640)	1,291,257	37,711
OPWC loan	3,522,072	-	(60,725)	3,461,347	121,450
Compensated absences	395,021	254,102	(211,836)	437,287	233,138
Total bonds	<u>\$ 48,445,573</u>	<u>\$ 254,102</u>	<u>\$ (2,614,032)</u>	<u>\$ 46,085,643</u>	<u>\$ 2,347,299</u>

All property and revenue of the Wastewater System facilities have been pledged as collateral on the indebtedness. Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The Mortgage Revenue Bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

Maturities of mortgage revenue and general obligation bonds at December 31, 2021 are as follows:

	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 2,000,000	\$ 1,446,550	\$ 3,446,550	\$ 25,000	\$ 16,118	\$ 41,118
2023	2,085,000	1,356,900	3,441,900	25,000	16,118	41,118
2024	2,155,000	1,294,088	3,449,088	25,000	15,368	40,368
2025	2,245,000	1,194,588	3,439,588	25,000	14,618	39,618
2026	2,360,000	1,082,338	3,442,338	25,000	13,868	38,868
2027-2031	7,130,000	4,251,540	11,381,540	140,000	54,566	194,566
2032-2036	8,820,000	2,813,750	11,633,750	160,000	30,632	190,632
2037-2041	9,290,000	1,049,900	10,339,900	70,000	3,807	73,807
Total	<u>\$ 36,085,000</u>	<u>\$ 14,489,654</u>	<u>\$ 50,574,654</u>	<u>\$ 495,000</u>	<u>\$ 165,095</u>	<u>\$ 660,095</u>

In 2010, the Wastewater System entered into a direct borrowing agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the Wastewater System to receive a loan for sanitary sewer improvements. The interest rate on the loan is 3.25 percent, per annum. This loan is payable from wastewater utility charges. As of December 31, 2021, the outstanding loan balance was \$228,858.

In 2018, the Wastewater System entered into a direct borrowing agreement with the OWDA to receive a loan for sanitary sewer improvements. The interest rate on the loan is 2.22 percent per annum. This loan is payable from wastewater utility charges. As of December 31, 2021, the outstanding loan balance was \$1,129,023.

In 2016, the Wastewater System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for the Gilmore Road Pump Station (Phases I and II) with a 0 percent interest rate. As of December 31, 2021, the outstanding balance of the loan is \$3,339,897.

In 2021, the Wastewater System obtained financing through OPWC direct borrowing for sanitary sewer improvements at an interest rate of 0%. This loan is received by the Wastewater System in increments as the project is completed. As of December 31, 2021, the Wastewater System had received \$1,605,038 from OPWC. Subsequent amounts will be received in future years.

The future financing requirements on the completed direct borrowing OWDA and OPWC project loan balances at December 31, 2021 was:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 176,732	\$ 29,459	\$ 206,191
2023	237,789	27,924	265,713
2024	238,544	26,365	264,909
2025	239,321	24,781	264,102
2026	240,126	23,173	263,299
2027-2031	1,183,867	91,010	1,274,877
2032-2036	1,073,928	62,688	1,136,616
2037-2041	1,073,934	42,556	1,116,490
2042-2046	1,073,941	22,425	1,096,366
2047-2051	685,415	3,792	689,207
2052	79,219	-	79,219
Total	<u>\$ 6,302,816</u>	<u>\$ 354,173</u>	<u>\$ 6,656,989</u>

7. DEFINED BENEFIT PENSION PLANS

The Wastewater System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2021 and 2020 as follows:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Wastewater System's contractually required contributions were \$264,256 for 2021 and \$267,806 for 2020. Of this amount, \$11,240 was reported as an intergovernmental payable in 2021 and \$10,319 in 2020.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Wastewater System's proportion of the net pension liability was based on the Wastewater System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net Pension Liability	\$ 1,950,809	\$ 2,651,956
Proportion of the Net Pension Liability	0.0131742%	0.0134170%
Change in Proportion	-0.0002428%	0.0022093%
Pension Expense	\$ 42,729	\$ 474,082

At December 31, 2021 and 2020, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ -	\$ 141,646
Wastewater System contributions subsequent to the measurement date	<u>264,256</u>	<u>267,806</u>
Total Deferred Outflows of Resources	<u>\$ 264,256</u>	<u>\$ 409,452</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 760,368	\$ 529,005
Differences between expected and actual experience	<u>81,602</u>	<u>33,529</u>
Total Deferred Inflows of Resources	<u>\$ 841,970</u>	<u>\$ 562,534</u>

\$264,256 reported as deferred outflows of resources related to pension resulting from the Wastewater System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2022	\$ (320,984)
2023	(107,332)
2024	(309,951)
2025	<u>(103,703)</u>
Total	<u>\$ (841,970)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate. The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Wastewater System’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Wastewater System’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Wastewater System’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Wastewater System's proportionate share of the net pension liability	\$ 3,721,134	\$ 1,950,809	\$ 478,744

8. DEFINED BENEFIT OPEB PLANS

The Wastewater System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Wastewater System's contractually required contributions were \$0 for 2021 and 2020.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Wastewater System's proportion of the net OPEB liability/(asset) was based on the Wastewater System's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (239,880)	\$ 1,884,120
Proportion of the Net OPEB Liability/(Asset)	0.0134645%	0.0136406%
Change in Proportion	-0.0001761%	0.0022882%
OPEB Expense	\$ (1,447,814)	\$ 150,888

At December 31, 2021 and 2020, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Wastewater System change in proportionate share	\$ 7,695	\$ 2,079
Changes in assumptions	117,929	298,237
Differences between expected and actual experience	-	50
Total Deferred Outflows of Resources	<u>\$ 125,624</u>	<u>\$ 300,366</u>

Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 127,763	\$ 95,939
Changes in assumptions	388,677	-
Differences between expected and actual experience	216,490	172,310
Total Deferred Inflows of Resources	<u>\$ 732,930</u>	<u>\$ 268,249</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2022	\$ (316,384)
2023	(220,347)
2024	(55,521)
2025	<u>(15,054)</u>
Total	<u>\$ (607,306)</u>

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

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

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

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent.

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Wastewater System's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate. The following table presents the Wastewater System's proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00 percent, as well as what the Wastewater System's proportionate share of the net OPEB (asset) if it were calculated using a discount rate that is 1.0 percentage point lower (5.00 percent) or 1.0 percentage point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Wastewater System's proportionate share of the net OPEB (asset)	\$ (59,667)	\$ (239,880)	\$ (388,172)

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

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

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
Wastewater System's proportionate share of the net OPEB (asset)	\$ (245,806)	\$ (239,880)	\$ (233,415)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Wastewater System’s contractually required contributions were \$17,896 in 2021 and \$17,444 in 2020.

At December 31, 2021, the number of plan-wide active participants and retirees were 562 and 674, respectively, and 579 and 657 at December 31, 2020, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2021. Following is information related to the changes in total OPEB liability:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability, beginning of year	\$ 326,308	\$ 300,592
Service cost	4,488	3,676
Interest	6,348	8,028
Difference between expected and actual experience	7,812	4,383
Changes in assumptions	9,313	27,073
Benefit payments	<u>(17,896)</u>	<u>(17,444)</u>
Total OPEB Liability, end of year	<u>\$ 336,373</u>	<u>\$ 326,308</u>
 Retiree Life Insurance Plan OPEB expense	 \$9,103	 \$7,065

At December 31, 2021 and 2020, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 36,437	\$ 41,199
Differences between expected and actual experience	<u>11,853</u>	<u>8,620</u>
Total Deferred Outflows of Resources	<u>\$ 48,290</u>	<u>\$ 49,819</u>
 Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 1,495</u>	<u>\$ 3,987</u>

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

Year Ending December 31:	
2022	\$ 16,816
2023	16,143
2024	9,526
2025	3,974
2026	<u>336</u>
Total	<u>\$ 46,795</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:	
Current measurement date	1.80 percent
Prior measurement date	2.00 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 2.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Wastewater System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 1.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (0.80 percent) and one-percentage-point higher (2.80 percent) than the current rate:

	1% Decrease (0.80%)	Current Discount Rate (1.80%)	1% Increase (2.80%)
Total OPEB liability	\$ 384,249	\$ 336,373	\$ 297,411

9. CONTINGENT LIABILITIES

Litigation. Various claims and lawsuits are pending against the City involving the Wastewater System. The City believes the likely outcome will not be material to the Wastewater System’s basic financial statements.

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

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

10. RELATED PARTY TRANSACTIONS

The Wastewater System purchases electricity from the City's Electric System. Purchases of \$716,758 and \$696,154 were made in 2021 and 2020, respectively, from the Electric System and are included in operating expenses.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Wastewater System for these services was approximately \$2,619,000 in 2021 and \$2,490,000 in 2020 and are included in other operating expenses.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Wastewater System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net Pension Liability	Wastewater System's Proportionate Share of the Net Pension Liability	Wastewater System's Covered Payroll	Wastewater System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0132201%	\$ 1,567,858	\$ 1,471,631	106.54%	86.36%
2015	0.0132201%	1,594,487	1,636,133	97.45%	86.45%
2016	0.0107035%	1,853,976	1,468,558	126.24%	81.08%
2017	0.0107242%	2,435,275	1,397,050	174.32%	77.25%
2018	0.0110575%	1,734,709	1,519,392	114.17%	84.66%
2019	0.0112077%	3,069,559	1,490,579	205.93%	74.70%
2020	0.0134170%	2,651,956	1,578,507	168.00%	82.17%
2021	0.0131742%	1,950,809	1,912,900	101.98%	86.88%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 191,312	\$ (191,312)	\$ -	\$ 1,471,631	13.00%
2014	196,336	(196,336)	-	1,636,133	12.00%
2015	176,227	(176,227)	-	1,468,558	12.00%
2016	167,646	(167,646)	-	1,397,050	12.00%
2017	197,521	(197,521)	-	1,519,392	13.00%
2018	208,681	(208,681)	-	1,490,579	14.00%
2019	220,991	(220,991)	-	1,578,507	14.00%
2020	267,806	(267,806)	-	1,912,900	14.00%
2021	264,256	(264,256)	-	1,887,543	14.00%

Note: Information prior to 2013 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST FIVE MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net OPEB Liability/(Asset)	Wastewater System's Proportionate Share of the Net OPEB Liability/(Asset)	Wastewater System's Covered Payroll	Wastewater System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0104915%	\$ 1,059,681	\$ 1,397,050	75.85%	54.05%
2018	0.0111868%	1,214,800	1,519,392	79.95%	54.14%
2019	0.0113524%	1,480,082	1,490,579	99.30%	46.33%
2020	0.0136406%	1,884,120	1,578,507	119.36%	47.80%
2021	0.0134645%	(239,880)	1,912,900	(12.54%)	115.57%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SIX YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 27,941	\$ (27,941)	\$ -	\$ 1,397,050	2.00%
2017	15,193	(15,193)	-	1,519,392	1.00%
2018	-	-	-	1,490,579	0.00%
2019	-	-	-	1,578,507	0.00%
2020	-	-	-	1,912,900	0.00%
2021	-	-	-	1,887,543	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	Wastewater System's Proportion Total OPEB Liability	Wastewater System's Covered- Employee Payroll	Wastewater System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,519,392	18.25%
2018	265,451	1,490,579	17.81%
2019	300,592	1,578,507	19.04%
2020	326,308	1,912,900	17.06%
2021	336,373	1,887,543	17.82%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FOUR YEARS**

	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,488	3,676	2,937	3,100
Interest	6,348	8,028	9,762	9,412
Difference between expected and actual experience	7,812	4,383	6,383	3,947
Changes in assumptions	9,313	27,073	33,317	(11,462)
Benefit payments	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 336,373</u>	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2021.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – WATER SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Water System, an enterprise fund of the City of Hamilton, Ohio (the Water System), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Water System as of December 31, 2021 and 2020, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Water System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Water System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 10, 2022

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Water System's financial performance provide an overall review of that System's financial activities for the years ended December 31, 2021 and 2020. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2021 and 2020 are as follows:

- ❑ The assets and deferred outflows of resources of the Hamilton Water System exceeded its liabilities and deferred inflows of resources at the close of 2021 and 2020 by \$67,955,213 and \$67,243,602 (net position), respectively. Of these amounts, \$4,738,933 and \$3,796,554 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position increased by \$711,611 between 2020 and 2021, representing a 1.1% increase.
- ❑ In 2021, the Water System's long-term debt decreased by a net of \$409,528, as the Water System continued to receive loans from the Ohio Public Works Commission to finance water main improvements.

Water System Summary

The Water System is a fully integrated water supply, treatment, transmission and distribution system. Over the last decade, the City has implemented a number of improvements to the Water System, providing increased system capabilities and enhanced reliability. The System has two water treatment facilities and two well fields that draw water from the Great Miami Buried Valley Aquifer. The transmission and distribution system consists of more than 300 miles of various size main piping, storage facilities and pumping stations.

The Water System currently provides water service to approximately 24,300 customers who represent a diverse mixture of residential, as well as small and large commercial and industrial customers. The City Water Service Area is comprised of virtually all customers within the City's corporate boundaries and a small number of customers in some areas in the immediate surrounding environs. Butler County is the largest customer of the Water System and for the last several years has accounted for in excess of fifty percent of the Water System's revenue. The Water System provides water service to an area within the City limits and areas in the immediate surrounding environs. No water utility other than the Water System can serve new customers in the City without a franchise, and, under the City Charter, only the City Council has the authority to grant utility franchises. City Council has not granted any franchises.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Water System for the years ended December 31, 2021 and 2020.

Reporting Hamilton's Water System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Water System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Water System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2021 and 2020. The City of Hamilton's Water System is reported as a business-type, proprietary, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Water Fund are restricted to Water System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Water Fund and asks the question, "How did we do financially during 2021 and 2020?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the change in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Water System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Water System charges fees to recoup the cost of the entire operation of the Water System as well as all capital expenses associated with these facilities.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Water Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$67,955,213, \$67,243,602, and \$69,322,536 as of December 31, 2021, 2020, and 2019, respectively. By far, the largest portion of the net position of the Water System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 91% for 2021, 92% for 2020, and 91% for 2019. The System employs these assets in the treatment and distribution of water to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities. Table 1 provides a summary of the Water System's Statement of Net Position for the Years Ended December 31, 2021 and 2020, and 2019.

	2021	2020	2019
Current and other assets	\$ 12,569,271	\$ 14,683,092	\$ 15,517,380
Capital assets	99,151,553	98,106,559	97,537,104
Total assets	<u>111,720,824</u>	<u>112,789,651</u>	<u>113,054,484</u>
Deferred outflows of resources	1,062,603	1,521,735	2,139,776
Long-term liabilities:			
Net pension liability	2,755,716	3,646,293	4,464,933
OPEB liabilities	336,373	2,916,865	2,453,494
Other long-term amounts	36,218,220	36,810,285	36,206,228
Other liabilities	3,291,702	2,548,072	2,676,124
Total liabilities	<u>42,602,011</u>	<u>45,921,515</u>	<u>45,800,779</u>
Deferred inflows of resources	2,226,203	1,146,269	70,945
Net investment in capital assets	61,703,005	61,871,326	63,361,840
Restricted	1,513,275	1,575,722	1,527,779
Unrestricted	4,738,933	3,796,554	4,432,917
Total net position	<u>\$ 67,955,213</u>	<u>\$ 67,243,602</u>	<u>\$ 69,322,536</u>

The net pension liability (NPL) is reported by the Water System pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability/(asset) are reported by the Water System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

City of Hamilton, Ohio

Water System

Management's Discussion and Analysis
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For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Water System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Water System's financial statements as a result of the Water System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Water System's financial statements reflects OPEB benefits provided by the Water System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Water System's proportionate share of each plan's collective:

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

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

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

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Water System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

The Water System reported an increase in net position of \$711,611 in 2021, and decreases in net position of \$2,078,934 and \$1,653,282 in 2020 and 2019, respectively. The Water System reported operating income of \$1,833,478 in 2021 and operating losses of \$1,144,955 and \$490,814 in 2020 and 2019, respectively. The increase in operating income was a direct result of changes in the net pension and net OPEB liabilities. Net non-operating expenses of \$1,121,867 increased by \$187,888 from 2020 primarily due to unrealized losses on investments.

Statement of Revenues, Expenses and Changes in Net Position

	2021	2020	2019
Operating revenues	\$ 14,301,554	\$ 14,396,099	\$ 14,747,917
Operating expenses:			
Depreciation	3,390,293	3,344,534	3,276,085
Other operating expenses	9,077,783	12,196,520	11,962,646
Total operating expenses	<u>12,468,076</u>	<u>15,541,054</u>	<u>15,238,731</u>
Operating income (loss)	1,833,478	(1,144,955)	(490,814)
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,048,026)	(1,049,385)	(1,431,959)
Loss on disposal of capital assets	(24,148)	(71,939)	(53,634)
Other non-operating revenues	(49,693)	187,345	323,125
Total non-operating revenues (expenses)	<u>(1,121,867)</u>	<u>(933,979)</u>	<u>(1,162,468)</u>
Change in net position	711,611	(2,078,934)	(1,653,282)
Beginning net position	67,243,602	69,322,536	70,975,818
Ending net position	<u>\$ 67,955,213</u>	<u>\$ 67,243,602</u>	<u>\$ 69,322,536</u>

City of Hamilton, Ohio

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Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Water System as of December 31, 2021, 2020, and 2019 amounted to \$61.7 million, \$61.9 million, and \$63.4 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Water System asset activity during 2021 and 2020.

Debt Administration: At the end of 2021, the Water System had five outstanding long-term revenue bond issues totaling \$27,170,000.

The Water System continued to draw from an Ohio Public Works Commission (OPWC) loan during 2021 for Highland Park water main improvements.

See Note 6 for a discussion of outstanding Water System bonds, notes and related activity.

Economic Factors and Future Trends

The City's Water System is continually monitoring its costs and seeking ways to maintain its rates. However, the cost of providing water continues to escalate with rising chemical costs and environmental regulation. These costs are required by both ordinance and indentures to be passed along to its customers. The number of customers has remained steady, but per capita usage is dropping. In 2014, the City adopted a five-year cost of service rate plan to be implemented annually from 2015 through 2019. The City is in the process of completing a cost of service study and looking to implement the results in late 2022 or early 2023.

The annual budget of the City Water System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated in the spring and fall of each year, or more often as deemed necessary by City Management.

While the transmission and distribution system has been well-maintained, the age of the infrastructure has led to increases in the number of water main breaks and leaks over the last decade or so. For example, the average water main age in the City is approximately seventy years. In 2010, City Council adopted an ordinance which created the Water Main Replacement Program Rider (WMRPR). The WMRPR program is designed to renew and replace the City's water mains based upon an average 75-year useful life. Debt was issued approximately every three years to provide funding for the program until 2020. At that time, the Rider fully funded the WMRPR. All funds collected through the WMRPR were dedicated to meeting the capital expense and debt service requirements of the Water Main Replacement Program. Beginning with rates adopted in 2014, all water main replacement costs were collected in the base water service rates to more accurately reflect the cost of service. Furthermore, the WMRPR was set to zero at the time of the first step of the five-year rate plan in 2015. Beginning in 2020, water main replacements were being funded by a combination of OPWC loans and current year revenues.

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While the U.S. EPA establishes water quality and testing guidelines, the Ohio EPA enforces these guidelines, by using Primary and Secondary Drinking Water Standards. The Primary Drinking Water Standards focus on health concerns, by placing restrictions on water content of certain chemicals, such as lead, arsenic, mercury, fluoride and nitrates. Secondary Drinking Water Standards focus on the aesthetic quality of water, such as color, odor, iron and pH. Based on its tests and monitoring program, the City is currently in compliance with all U.S. EPA and Ohio EPA requirements. The City's treated water meets or exceeds applicable standards and is generally regarded as high quality, which is confirmed by consumer surveys. To further support this label of "high quality," the City of Hamilton won the award of "Best of the Best" in the National Section of the American Water Works Association Water Tasting Contest in 2018 and again in 2019 for the Ohio Section. Furthermore, the City's water won "The World's Best Tasting Tap Water" at the Berkeley Springs competition in 2015 and received a bronze medal in 2017. Most recently, the Water System won third place in 2020 and second place in 2022 for the best purified drinking water category and fifth place in 2022 for the best municipal water at the Berkely Springs competition.

The City maintains an Aa3 bond rating with a stable outlook for its Water System.

Requests for Information

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

**CITY OF HAMILTON, OHIO – WATER SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and investments	\$ 8,708,380	11,240,790
Accounts receivable (less allowance for uncollectible accounts of \$385,370 and \$412,656, respectively)	1,603,008	1,506,657
Interest receivable	10,400	15,370
Inventory of supplies at cost	292,703	257,157
Prepaid expenses	102,648	87,396
Total current assets	<u>10,717,139</u>	<u>13,107,370</u>
Restricted assets:		
Cash and investments	<u>1,513,275</u>	<u>1,575,722</u>
Noncurrent assets:		
Net OPEB asset	338,857	-
Nondepreciable capital assets	13,230,224	9,743,118
Depreciable capital assets, net	85,921,329	88,363,441
Total noncurrent assets	<u>99,490,410</u>	<u>98,106,559</u>
Total assets	<u>111,720,824</u>	<u>112,789,651</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	463,568	495,733
Pension	373,288	562,972
OPEB	225,747	463,030
Total deferred outflows of resources	<u>1,062,603</u>	<u>1,521,735</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,131,489	455,740
Accrued wages and benefits	144,059	103,582
Intergovernmental payable	52,775	49,528
Accrued interest payable	245,018	251,938
Customer deposits payable	263,244	274,036
Compensated absences payable-current	288,186	302,542
OWDA loans payable - current portion	43,235	42,665
OPWC loans payable - current portion	178,696	153,041
Revenue bonds payable - current portion	945,000	915,000
Total current liabilities	<u>3,291,702</u>	<u>2,548,072</u>
Non-current liabilities:		
Compensated absences payable	265,443	263,309
OWDA loans payable	722,257	765,492
OPWC loans payable	7,000,302	6,477,820
Revenue bonds payable	28,230,218	29,303,664
Net pension liability	2,755,716	3,646,293
Net OPEB liability	-	2,590,557
Total OPEB liability	<u>336,373</u>	<u>326,308</u>
Total noncurrent liabilities	<u>39,310,309</u>	<u>43,373,443</u>
Total liabilities	<u>42,602,011</u>	<u>45,921,515</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	1,189,369	773,453
OPEB	1,036,834	372,816
Total deferred inflows of resources	<u>2,226,203</u>	<u>1,146,269</u>
NET POSITION		
Net investment in capital assets	61,703,005	61,871,326
Restricted for debt service	513,275	575,722
Restricted for rate stabilization	1,000,000	1,000,000
Unrestricted	4,738,933	3,796,554
Total net position	<u>\$ 67,955,213</u>	<u>67,243,602</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for services	\$ 14,160,438	14,216,099
Other operating revenues	<u>141,116</u>	<u>180,000</u>
Total operating revenues	<u>14,301,554</u>	<u>14,396,099</u>
Operating expenses:		
Personal services	1,654,358	5,184,934
Materials and supplies	1,458,093	1,309,287
Contractual services	3,260,537	2,995,605
Depreciation	3,390,293	3,344,534
Other operating expenses	<u>2,704,795</u>	<u>2,706,694</u>
Total operating expenses	<u>12,468,076</u>	<u>15,541,054</u>
Operating income (loss)	1,833,478	(1,144,955)
Non-operating revenues (expenses):		
Investment earnings	(49,693)	187,345
Loss on disposal of capital assets	(24,148)	(71,939)
Interest and fiscal charges	<u>(1,048,026)</u>	<u>(1,049,385)</u>
Total non-operating revenues (expenses)	<u>(1,121,867)</u>	<u>(933,979)</u>
Change in net position	711,611	(2,078,934)
Net position - beginning of year	<u>67,243,602</u>	<u>69,322,536</u>
Net position - end of year	\$ <u>67,955,213</u>	<u>67,243,602</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 14,205,203	14,477,246
Cash paid for employee services and benefits	(3,924,800)	(3,873,950)
Cash paid to suppliers for goods and services	<u>(7,469,226)</u>	<u>(7,078,637)</u>
Net cash from operating activities	<u>2,811,177</u>	<u>3,524,659</u>
Cash flows from capital and related financing activities:		
Payment for capital acquisitions	(3,800,556)	(4,138,044)
Revenue bond principal retirement	(915,000)	(915,000)
OWDA loan proceeds	-	1,840,255
OWDA loan principal retirement	(42,665)	(42,103)
OPWC loan proceeds	701,178	-
OPWC loan principal retirement	(153,041)	(63,694)
Debt interest payments	<u>(1,151,227)</u>	<u>(1,144,365)</u>
Net cash from capital and related financing activities	<u>(5,361,311)</u>	<u>(4,462,951)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(44,723)</u>	<u>206,971</u>
Net change in cash and cash equivalents	(2,594,857)	(731,321)
Cash and cash equivalents at beginning of year	<u>12,816,512</u>	<u>13,547,833</u>
Cash and cash equivalents at end of year	<u>\$ 10,221,655</u>	<u>12,816,512</u>
Reconciliation of operating income (loss) to net cash from operating activities		
Operating income (loss)	\$ 1,833,478	(1,144,955)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	3,390,293	3,344,534
Change in deferred outflows-pension and OPEB	426,967	585,876
Change in deferred inflows-pension and OPEB	1,079,934	1,075,324
Changes in assets and liabilities:		
(Increase) decrease in receivables	(96,351)	81,147
(Increase) decrease in inventory	(35,546)	12,143
(Increase) decrease in prepaid items	(15,252)	(9,949)
Increase (decrease) in customer deposits payable	(10,792)	(5,612)
Increase (decrease) in payables	16,870	(66,124)
Increase (decrease) in accrued liabilities	28,255	1,379
Increase (decrease) in intergovernmental payables	3,247	6,165
(Increase) decrease in net OPEB asset	(338,857)	-
Increase (decrease) in net pension liability	(890,577)	(818,640)
Increase (decrease) in net OPEB liability	(2,590,557)	437,655
Increase (decrease) in total OPEB liability	<u>10,065</u>	<u>25,716</u>
Net cash from operating activities	<u>\$ 2,811,177</u>	<u>3,524,659</u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	<u>\$ 792,408</u>	<u>133,529</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – WATER SYSTEM

Notes to Financial Statements Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Water System (Water System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Water System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Water System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Water System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Water System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Water System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Water System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond discounts were \$639 during 2021 and 2020, respectively, and amortization of bond premiums were \$129,085 and \$129,086 during 2021 and 2020, respectively.

Compensated Absences - The Water System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Water System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Water System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Water System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

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

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Water System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Water System totaled \$9,708,380 at December 31, 2021 and \$12,240,790 at December 31, 2020 and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$513,275 and \$575,722 at December 31, 2021 and 2020, respectively.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2021 and 2020, approximately 97% of the City's deposits with financial institutions, including the amount of pooled deposits related to the Water System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Water System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Water Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

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

The City’s pooled investments, as well as the investments held by trustees specifically for the Water System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.80 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Earned and unbilled consumer accounts	\$ 1,040,042	949,208
Earned and billed consumer accounts	902,256	947,326
Other	46,080	22,779
Less allowance for uncollectible accounts	<u>(385,370)</u>	<u>(412,656)</u>
Total	\$ <u>1,603,008</u>	<u>1,506,657</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$1,513,275 and \$1,575,722 at December 31, 2021 and 2020, respectively.

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5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,487,106	\$ -	\$ -	\$ 2,487,106
Construction in progress	7,256,012	4,133,017	(645,911)	10,743,118
Subtotal	<u>9,743,118</u>	<u>4,133,017</u>	<u>(645,911)</u>	<u>13,230,224</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	25,475,323	-	-	25,475,323
Machinery and equipment	137,504,639	972,329	(63,907)	138,413,061
Subtotal	<u>162,979,962</u>	<u>972,329</u>	<u>(63,907)</u>	<u>163,888,384</u>
Totals at historical cost	<u>172,723,080</u>	<u>5,105,346</u>	<u>(709,818)</u>	<u>177,118,608</u>
Less accumulated depreciation:				
Buildings and improvements	19,322,406	687,507	-	20,009,913
Machinery and equipment	55,294,115	2,702,786	(39,759)	57,957,142
Total accumulated depreciation	<u>74,616,521</u>	<u>3,390,293</u>	<u>(39,759)</u>	<u>77,967,055</u>
Capital assets, net	<u>\$ 98,106,559</u>	<u>\$ 1,715,053</u>	<u>\$ (670,059)</u>	<u>\$ 99,151,553</u>

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,487,106	\$ -	\$ -	\$ 2,487,106
Construction in progress	7,244,441	2,127,492	(2,115,921)	7,256,012
Subtotal	<u>9,731,547</u>	<u>2,127,492</u>	<u>(2,115,921)</u>	<u>9,743,118</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	25,475,323	-	-	25,475,323
Machinery and equipment	133,781,133	3,974,357	(250,851)	137,504,639
Subtotal	<u>159,256,456</u>	<u>3,974,357</u>	<u>(250,851)</u>	<u>162,979,962</u>
Totals at historical cost	<u>168,988,003</u>	<u>6,101,849</u>	<u>(2,366,772)</u>	<u>172,723,080</u>
Less accumulated depreciation:				
Buildings and improvements	18,635,597	686,809	-	19,322,406
Machinery and equipment	52,815,302	2,657,725	(178,912)	55,294,115
Total accumulated depreciation	<u>71,450,899</u>	<u>3,344,534</u>	<u>(178,912)</u>	<u>74,616,521</u>
Capital assets, net	<u>\$ 97,537,104</u>	<u>\$ 2,757,315</u>	<u>\$ (2,187,860)</u>	<u>\$ 98,106,559</u>

6. LONG TERM DEBT

In September 2015, the Water System issued \$11,700,000 of water revenue refunding bonds to refund Series 2002 mortgage revenue bonds. The Series 2015 bonds fully mature in 2044 and bear interest of 4.4 to 5.25 percent per annum.

In 2016, the Water System entered into a direct borrowing agreement with Ohio Water Development Authority (OWDA), as administrator for the U.S. Environmental Protection Agency (EPA), for the Water System to receive a loan for a water main replacement at River Road. The interest rate on the loan is 1.33 percent per annum. As of December 31, 2021, the outstanding balance of the loan is \$765,492.

In 2016, the Water System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for a water main replacement at Pershing Avenue with a 0 percent interest rate. This loan is payable from water utility charges. As of December 31, 2021, the outstanding balance of the loan is \$662,448.

In 2016, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Arlington Avenue at an interest rate of 0 percent. This loan is received by the Water System in increments as the project is completed. As of December 31, 2021, the outstanding balance of the loan is \$561,239.

In 2017, the Water System obtained financing through OPWC direct borrowing for a water main replacement at State Route 4 at an interest of 0 percent. This loan is payable from water utility charges. As of December 31, 2021, the outstanding balance of the loan is \$393,730.

In April 2018, the Water System currently refunded the 2017 Notes through the issuance of \$5,625,000 of Series 2018 Water System Refunding Revenue Bonds. These bonds fully mature in 2029 and bear interest of 4.0 percent per annum.

In August 2018, the Water System issued \$2,965,000 of Series 2018 Water System Revenue Bonds to fund water main replacements and other necessary improvements. These bonds fully mature in 2048 and bear interest between 3.0 to 4.0 percent per annum.

In 2018, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Southern Hills at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2021, the outstanding balance of the loan is \$1,722,711.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main loop project at the Bilstein plant at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2021, the outstanding balance of the loan is \$226,120.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main replacement at North Third Street an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2021, the outstanding balance of the loan is \$1,513,547.

In November 2019, the Water System defeased \$8,915,000 of the Series 2009B Taxable Water System Build America Revenue Bonds through the issuance of \$8,075,000 of Water System Mortgage Revenue Refunding Bonds. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in November 2019, the Water System issued \$1,800,000 of Series 2019 Water System Mortgage Revenue Bonds for water main replacements and other necessary improvements. These bonds fully mature in 2049 and bear interest between 3.0 to 4.0 percent annum.

In 2020, the Water System obtained financing through OPWC direct borrowing for a water main replacement in the Highland Park area at an interest rate of 0 percent. This loan is received in increments as the project progresses. As of December 31, 2021, the Water System had received \$2,099,203 from OPWC. Subsequent amounts will be received in future years.

Debt activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Series 2015 Refunding Bonds	\$ 10,285,000	\$ -	\$ (310,000)	\$ 9,975,000	\$ 320,000
Series 2018 Refunding Bonds	5,155,000	-	(490,000)	4,665,000	510,000
Series 2018 Revenue Bonds	2,850,000	-	(60,000)	2,790,000	60,000
Series 2019 Refunding Bonds	8,025,000	-	(20,000)	8,005,000	20,000
Series 2019 Revenue Bonds	1,770,000	-	(35,000)	1,735,000	35,000
Less deferred amount:					
for issuance premiums	2,152,206	-	(129,085)	2,023,121	-
for issuance discounts	(18,542)	-	639	(17,903)	-
<i>Direct borrowings:</i>					
OWDA Loan-River Road	808,157	-	(42,665)	765,492	43,235
OPWC Loan- Pershing Ave	687,446	-	(24,998)	662,448	24,998
OPWC Loan-Arlington Ave	580,931	-	(19,692)	561,239	19,693
OPWC Loan-SR 4	408,048	-	(14,318)	393,730	14,318
OPWC Loan-Southern Hills	1,783,157	-	(60,446)	1,722,711	60,446
OPWC Loan-Bilstein Loop	234,054	-	(7,934)	226,120	7,934
OPWC Loan-N. Third Street	1,539,200	-	(25,653)	1,513,547	51,307
OPWC Loan-Highland Park	1,398,025	701,178	-	2,099,203	-
Compensated absences	565,851	290,320	(302,542)	553,629	288,186
	<u>\$ 38,223,533</u>	<u>\$ 991,498</u>	<u>\$ (1,541,694)</u>	<u>\$ 37,673,337</u>	<u>\$ 1,455,117</u>

Debt activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Additions	Reductions	Balance 12/31/20	Due Within One Year
Series 2015 Refunding Bonds	\$ 10,590,000	\$ -	\$ (305,000)	\$ 10,285,000	\$ 310,000
Series 2018 Refunding Bonds	5,625,000	-	(470,000)	5,155,000	490,000
Series 2018 Revenue Bonds	2,910,000	-	(60,000)	2,850,000	60,000
Series 2019 Refunding Bonds	8,075,000	-	(50,000)	8,025,000	20,000
Series 2019 Revenue Bonds	1,800,000	-	(30,000)	1,770,000	35,000
Less deferred amount:					
for issuance premiums	2,281,292	-	(129,086)	2,152,206	-
for issuance discounts	(19,181)	-	639	(18,542)	-
<i>Direct borrowings:</i>					
OWDA Loan-River Road	850,260	-	(42,103)	808,157	42,665
OPWC Loan- Pershing Ave	699,945	-	(12,499)	687,446	24,998
OPWC Loan-Arlington Ave	590,777	-	(9,846)	580,931	19,692
OPWC Loan-SR 4	415,207	-	(7,159)	408,048	14,318
OPWC Loan-Southern Hills	1,813,380	-	(30,223)	1,783,157	60,446
OPWC Loan-Bilstein Loop	238,021	-	(3,967)	234,054	7,934
OPWC Loan-N. Third Street	1,096,970	442,230	-	1,539,200	25,653
OPWC Loan-Highland Park	-	1,398,025	-	1,398,025	-
Compensated absences	536,200	305,496	(275,845)	565,851	302,542
	<u>\$ 37,502,871</u>	<u>\$ 2,145,751</u>	<u>\$ (1,425,089)</u>	<u>\$ 38,223,533</u>	<u>\$ 1,413,248</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

Maturities of revenue bonds at December 31, 2021 are as follows:

	Principal	Interest	Total
2022	\$ 945,000	\$ 1,107,688	\$ 2,052,688
2023	970,000	1,074,688	2,044,688
2024	1,005,000	1,039,950	2,044,950
2025	1,050,000	1,002,263	2,052,263
2026	1,095,000	962,850	2,057,850
2027-2031	5,900,000	4,118,732	10,018,732
2032-2036	6,580,000	2,826,625	9,406,625
2037-2041	6,140,000	1,334,451	7,474,451
2042-2046	2,895,000	362,526	3,257,526
2047-2049	590,000	34,463	624,463
Total	<u>\$ 27,170,000</u>	<u>\$ 13,864,236</u>	<u>\$ 41,034,236</u>

Maturities of the completed direct borrowing OWDA and OPWC loans as of December 31, 2021 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 221,931	\$ 10,038	\$ 231,969
2023	293,220	9,461	302,681
2024	293,804	8,876	302,680
2025	294,397	8,284	302,681
2026	294,997	7,683	302,680
2027-2031	1,484,274	29,128	1,513,402
2032-2036	1,500,528	12,871	1,513,399
2037-2041	1,299,777	527	1,300,304
2042-2046	1,247,025	-	1,247,025
2047-2051	965,982	-	965,982
2052	<u>48,555</u>	-	<u>48,555</u>
Total	<u>\$ 7,944,490</u>	<u>\$ 86,868</u>	<u>\$ 8,031,358</u>

7. **DEFINED BENEFIT PENSION PLANS**

The Water System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2021 and 2020 as follows:

Statutory Maximum Contribution Rates

Employer	14.0	%
Employee	10.0	%

Actual Contribution Rates

Employer:		
Pension	14.0	%
Post-employment Health Care Benefits	<u>0.0</u>	<u>%</u>
Total Employer	<u>14.0</u>	<u>%</u>
Employee	<u>10.0</u>	<u>%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Water System's contractually required contributions were \$373,288 and \$368,218 for 2021 and 2020, respectively. Of this amount, \$16,415 was reported as an intergovernmental payable in 2021 and \$14,301 in 2020.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water System's proportion of the net pension liability was based on the Water System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net Pension Liability	\$ 2,755,716	\$ 3,646,293
Proportion of the Net Pension Liability	0.0186099%	0.0184476%
Change in Proportion	0.0001623%	0.0021451%
Pension Expense	\$ 60,359	\$ 651,836

At December 31, 2021 and 2020, the Water System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ -	\$ 194,754
Water System contributions subsequent to the measurement date	<u>373,288</u>	<u>368,218</u>
Total Deferred Outflows of Resources	<u>\$ 373,288</u>	<u>\$ 562,972</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 1,074,097	\$ 727,353
Differences between expected and actual experience	<u>115,272</u>	<u>46,100</u>
Total Deferred Inflows of Resources	<u>\$ 1,189,369</u>	<u>\$ 773,453</u>

\$373,288 reported as deferred outflows of resources related to pension resulting from the Water System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2022	\$ (453,423)
2023	(151,618)
2024	(437,838)
2025	<u>(146,490)</u>
Total	<u>\$ (1,189,369)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Water System’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Water System’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Water System’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Water System's proportionate share of the net pension liability	\$ 5,256,480	\$ 2,755,716	\$ 676,274

8. DEFINED BENEFIT OPEB PLANS

The Water System contributes to the Ohio Public Employees Retirement System and the City’s Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Water System's contractually required contributions were \$0 for 2021 and 2020.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Water System's proportion of the net OPEB liability/(asset) was based on the Water System's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (338,857)	\$ 2,590,557
Proportion of the Net OPEB Liability/(Asset)	0.0190200%	0.0187550%
Change in Proportion	0.0002650%	0.0022420%
OPEB Expense	\$ (2,045,184)	\$ 207,462

At December 31, 2021 and 2020, the Water System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Water System change in proportionate share	\$ 10,872	\$ 3,084
Changes in assumptions	166,585	410,058
Differences between expected and actual experience	-	69
Total Deferred Outflows of Resources	<u>\$ 177,457</u>	<u>\$ 413,211</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 180,479	\$ 131,911
Changes in assumptions	549,046	-
Differences between expected and actual experience	305,814	236,918
Total Deferred Inflows of Resources	<u>\$ 1,035,339</u>	<u>\$ 368,829</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2022	\$ (446,925)
2023	(311,263)
2024	(78,429)
2025	<u>(21,265)</u>
Total	<u>\$ (857,882)</u>

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

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement period	2.00 percent
Prior measurement period	2.75 percent
Health Care Cost Trend Rate:	
Current measurement period	8.5 percent, initial 3.5 percent, ultimate in 2035
Prior measurement period	10.5 percent, initial 3.5 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent.

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Water System’s Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate. The following table presents the Water System’s proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00 percent, as well as what the Water System’s proportionate share of the net OPEB (asset) if it were calculated using a discount rate that is 1.0 percentage point lower (5.00 percent) or 1.0 percentage point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Water System's proportionate share of the net OPEB (asset)	\$ (84,286)	\$ (338,857)	\$ (548,336)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Water System's proportionate share of the net OPEB (asset)	\$ (347,229)	\$ (338,857)	\$ (329,724)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Water System’s contractually required contributions were \$17,896 for 2021 and \$17,444 for 2020.

At December 31, 2021, the number of plan-wide active participants and retirees were 562 and 674, respectively, and 579 and 657 at December 31, 2020, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2021. Following is information related to the changes in total OPEB liability:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability, beginning of year	\$ 326,308	\$ 300,592
Service cost	4,488	3,676
Interest	6,348	8,028
Difference between expected and actual experience	7,812	4,383
Changes in assumptions	9,313	27,073
Benefit payments	<u>(17,896)</u>	<u>(17,444)</u>
Total OPEB Liability, end of year	<u>\$ 336,373</u>	<u>\$ 326,308</u>
 Retiree Life Insurance Plan OPEB expense	 \$9,103	 \$7,065

At December 31, 2021 and 2020, the Water System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 36,437	\$ 41,199
Differences between expected and actual experience	<u>11,853</u>	<u>8,620</u>
Total Deferred Outflows of Resources	<u>\$ 48,290</u>	<u>\$ 49,819</u>
Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 1,495</u>	<u>\$ 3,987</u>

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

Year Ending December 31:		
2022	\$	16,816
2023		16,143
2024		9,526
2025		3,974
2026		<u>336</u>
Total	\$	<u>46,795</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:

Current measurement date	1.80 percent
Prior measurement date	2.00 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 2.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Water System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 1.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (0.80 percent) and one-percentage-point higher (2.8 percent) than the current rate:

	1% Decrease (0.80%)	Current Discount Rate (1.80%)	1% Increase (2.80%)
Total OPEB liability	\$ 384,249	\$ 336,373	\$ 297,411

9. CONTINGENT LIABILITIES

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

10. RELATED PARTY TRANSACTIONS

The Water System purchases electricity from the City’s Electric System. Purchases of \$1,324,278 and \$1,326,350 from the Electric System are included in operating expenses in 2021 and 2020, respectively.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Water System for these services were approximately \$3,076,000 and \$2,849,000 in 2021 and 2020, respectively, and are included in other operating expenses.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Water System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. CONTRACTUAL COMMITMENTS

At December 31, 2021, the Water System had contractual commitments in the amounts of approximately \$1,789,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Water System operations.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PERIODS**

	Water System's Proportion of the Net Pension Liability	Water System's Proportionate Share of the Net Pension Liability	Water System's Covered Payroll	Water System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0167181%	\$ 1,988,353	\$ 2,168,223	91.70%	86.36%
2015	0.0167181%	2,016,384	2,074,942	97.18%	86.45%
2016	0.0143774%	2,490,354	1,811,517	137.47%	81.08%
2017	0.0150846%	3,425,456	1,876,583	182.54%	77.25%
2018	0.0163838%	2,570,300	2,137,177	120.27%	84.66%
2019	0.0163025%	4,464,933	2,208,571	202.16%	74.70%
2020	0.0184476%	3,646,293	2,296,071	158.81%	82.17%
2021	0.0186099%	2,755,716	2,630,129	104.77%	86.88%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 281,869	\$ (281,869)	\$ -	\$ 2,168,223	13.00%
2014	248,993	(248,993)	-	2,074,942	12.00%
2015	217,382	(217,382)	-	1,811,517	12.00%
2016	225,190	(225,190)	-	1,876,583	12.00%
2017	277,833	(277,833)	-	2,137,177	13.00%
2018	309,200	(309,200)	-	2,208,571	14.00%
2019	321,450	(321,450)	-	2,296,071	14.00%
2020	368,218	(368,218)	-	2,630,129	14.00%
2021	373,288	(373,288)	-	2,666,343	14.00%

Note: Information prior to 2013 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST FIVE MEASUREMENT PERIODS**

	Water System's Proportion of the Net OPEB Liability/(Asset)	Water System's Proportionate Share of the Net OPEB Liability/(Asset)	Water System's Covered Payroll	Water System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0155452%	\$ 1,570,118	\$ 1,876,583	83.67%	54.05%
2018	0.0165753%	1,799,953	2,137,177	84.22%	54.14%
2019	0.0165130%	2,152,902	2,208,571	97.48%	46.33%
2020	0.0187550%	2,590,559	2,296,071	112.83%	47.80%
2021	0.0190200%	(338,857)	2,630,129	(12.88%)	115.57%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SIX YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 37,532	\$ (37,532)	\$ -	\$ 1,876,583	2.00%
2017	21,372	(21,372)	-	2,137,177	1.00%
2018	-	-	-	2,208,571	0.00%
2019	-	-	-	2,296,071	0.00%
2020	-	-	-	2,630,129	0.00%
2021	-	-	-	2,666,343	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	Water System's Proportion Total OPEB Liability	Water System's Covered- Employee Payroll	Water System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 2,137,177	12.97%
2018	265,451	2,208,571	12.02%
2019	300,592	2,296,071	13.09%
2020	326,308	2,630,129	12.41%
2021	336,373	2,666,343	12.62%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FOUR YEARS**

	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,488	3,676	2,937	3,100
Interest	6,348	8,028	9,762	9,412
Difference between expected and actual experience	7,812	4,383	6,383	3,947
Changes in assumptions	9,313	27,073	33,317	(11,462)
Benefit payments	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 336,373</u>	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2021.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM

BUTLER COUNTY

FINANCIAL AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Electric System, an enterprise fund of the City of Hamilton, Ohio (the Electric System), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Electric System as of December 31, 2021 and 2020, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Electric System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Electric System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 10, 2022

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Electric System's financial performance provide an overall review of that system's financial activities for the years ended December 31, 2021 and 2020. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2021 and 2020 are as follows:

- The assets and deferred outflow of resources of the Hamilton Electric System exceeded its liabilities and deferred inflows of resources at the close of 2021 and 2020 by \$126,340,813 and \$112,232,050 (net position), respectively. Of these amounts, \$31,327,232 and \$18,043,802 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- The system's total net position increased by \$14,108,763 between 2021 and 2020, representing a 12.6% increase.
- In 2021, the Electric System's long-term debt decreased by \$1,240,000, with an outstanding balance remaining of \$37,015,000.

Electric System Summary

The City of Hamilton, Ohio has owned and operated an electric utility system since 1893. Currently, the system is the second largest municipally owned electric system in Ohio. The electric system is a fully integrated electric generation, transmission and distribution system. The system owns both thermal and hydroelectric generation facilities and maintains a diverse customer base, with approximately 29,600 customers. Customer rates are established by the City and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any other regulatory body.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Electric System for the year ended December 31, 2021.

Reporting Hamilton's Electric System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Electric System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Electric System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2021 and 2020. The City of Hamilton's Electric System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Electric Fund are restricted to Electric System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the System looks at all financial transactions of the Electric Fund and asks the question, "How did we do financially during 2021 and 2020?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Electric System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Electric System charges fees to recoup the cost of the entire operation of the Electric System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. Table 1 provides a summary of the Electric System's Statement of Net Position for the Years Ended December 31, 2021, 2020, and 2019.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

	2021	2020	2019
Current and other assets	\$ 63,347,157	\$ 63,570,238	\$ 67,303,361
Capital assets	126,507,301	122,366,812	118,035,832
Total assets	189,854,458	185,937,050	185,339,193
 Deferred outflows of resources	 2,074,918	 3,549,792	 6,077,476
 Long-term liabilities:			
Net pension liability	8,706,562	11,962,955	16,288,107
OPEB liabilities	336,373	8,825,555	8,154,399
Other long-term amounts	39,244,281	40,732,993	42,082,374
Other liabilities	10,270,975	11,981,633	9,368,698
Total liabilities	58,558,191	73,503,136	75,893,578
 Deferred inflows of resources	 7,030,372	 3,751,656	 241,660
 Net investment in capital assets	 90,324,670	 89,493,657	 90,563,524
Restricted	4,688,911	4,694,591	5,168,942
Unrestricted	31,327,232	18,043,802	19,548,965
Total net position	\$ 126,340,813	\$ 112,232,050	\$ 115,281,431

The net pension liability (NPL) is reported by the Electric System pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability/(asset) are reported by the Electric System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Electric System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Electric System's financial statements as a result of the Electric System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Electric System's financial statements reflects OPEB benefits provided by the Electric System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Electric System's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Electric System is not responsible for certain key factors affecting the balance of these liabilities.

In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Electric System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The System's asset values consists of the physical property, plant and equipment of the system having a historical cost less accumulated depreciation of \$126,507,301, \$122,366,812, and \$118,035,832, respectively, at December 31, 2021, 2020, and 2019. The System employs these assets in the generation, transmission, and distribution of electricity to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt in the Net Position section of the Statement of Net Position and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities.

As of December 31, 2021, 2020, and 2019, the Electric System was able to report positive balances in net position of \$126,340,813, \$112,232,050, and \$115,281,431, respectively. In 2021 and 2019, the Electric System reported operating income of \$15,893,081 and \$347,281, respectively, and an operating loss of \$2,621,787 in 2020. The increase in operating revenue was due to a combination of an increase in the base electric rate, as well as increased customer usage due to weather and businesses returning to full operations following the COVID-19 shutdown. The decrease in operating expense was a direct result of changes in the net pension and net OPEB liabilities. Net non-operating expenses of \$1,784,318 increased by \$1,356,724, due to disposal of capital assets and unrealized losses on investments.

Statement of Revenues, Expenses and Changes in Net Position

	2021	2020	2019
Operating revenues	\$ 85,535,709	\$ 80,238,628	\$ 81,730,855
Operating expenses:			
Purchased power and fuel	49,132,047	52,466,231	48,933,774
Depreciation	7,055,527	7,010,456	6,880,834
Other operating expenses	13,455,054	23,383,728	25,568,966
Total operating expenses	<u>69,642,628</u>	<u>82,860,415</u>	<u>81,383,574</u>
Operating income (loss)	15,893,081	(2,621,787)	347,281
Non-Operating revenues (expenses)			
Interest and fiscal charges	(1,368,347)	(1,274,234)	(1,845,396)
Loss on disposal of capital assets	(217,290)	(7,562)	(52,220)
Other non-operating revenues	(198,681)	854,202	1,135,653
Total non-operating revenues (expenses)	<u>(1,784,318)</u>	<u>(427,594)</u>	<u>(761,963)</u>
Change in net position	14,108,763	(3,049,381)	(414,682)
Beginning net position	112,232,050	115,281,431	115,696,113
Ending net position	<u>\$ 126,340,813</u>	<u>\$ 112,232,050</u>	<u>\$ 115,281,431</u>

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Electric System as of December 31, 2021, 2020, and 2019 amounted to \$90.3 million, \$89.5 million, and \$90.6 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment including the City's hydro-electric and thermal generation facilities. The plant and equipment of the Electric System are rigorously tested, and maintenance schedules are adhered to in a strenuous fashion to insure safe, long-term, efficient operation.

Note 5 (Capital Assets) provides Electric System asset activity during 2021 and 2020.

Debt Administration: At the end of 2021, the Electric System had three outstanding long-term revenue bond issues totaling \$37,015,000, with \$1,285,000 due within one year.

See Note 6 for a discussion of outstanding Electric System bonds, notes and related activity.

Economic Factors and Future Trends

The City's 2021 rate base consisted of approximately 26,700 residential customers and 2,900 commercial and industrial customers. The residential customers account for 52% of the revenue, the commercial and industrial customers account for the remaining 48%. No single customer of the Electric System accounted for more than 2.4% of total revenues and the ten largest customers, in the aggregate, accounted for approximately 11.1% of the Electric System's revenues in 2021. The Electric System customer base is comprised of approximately 90% residential and 10% commercial and industrial customers.

The City has a rate ordinance, which sets forth rates and charges for Residential, Commercial Non-Demand, Commercial Demand, Large Power and Industrial Service. All rates include:

- A power cost adjustment (PCA) charge (Rider A) that allows for increases or decreases in the fuel and purchased power costs to be passed directly through to the Electric System's customers in comparison with the level of power costs embedded in the base rates. The PCA averaged a charge of \$0.00424/kWh in 2021.
- An electric rate stabilization adjustment rider (Rider B) that allows for a percentage adder to be applied to all charges under each rate schedule to replenish revenues previously withdrawn from the Electric Rate Stabilization Fund. Rider B was not assessed for 2021.
- A suburban surcharge (Rider C) of 5% for all Electric System customers outside the corporate limits of the City.
- An unfunded environmental mandates adjustment rider (UEMA – Rider D) that allows for expenses associated with the Electric System's compliance with environmental mandates, not included in the base rates or PCA. Rider D was not assessed for 2021.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

- An unfunded governmental and regulatory, excluding environmental (Rider D), mandates adjustment rider (UGRMA – Rider E) that allows for expenses associated with the Electric System's compliance with governmental and regulatory mandates not included in the base rates, PCA or Rider D. Rider E was not assessed for 2021.
- The Economic Development Cost Adjustment (Rider F) for Electric was not assessed in 2021.

The annual budget of the City Electric System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated annually, or more often as deemed necessary by City Management.

The Electric System serves the electricity needs of its customers with energy from a diversified mix of resources. This mix consists of steam, hydroelectric, combustion turbine generating facilities and the wholesale energy market. The City has purchase power contracts with American Municipal Power Inc. (AMP) for several generating resources including the New York Power Authority (“NYPA”), Prairie State Energy Campus (“Prairie State”), AMP Fremont Energy Center (“AFEC”), Ohio Municipal Electric Generating Agency Joint Venture 2 (“OMEGA JV-2”), Meldahl and the wholesale energy market.

Prairie State is a 2-unit, 1,600 MW coal-fired generating project that is located in Central Illinois. Prairie State began commercial operation in 2012. The City and AMP executed a 50-year purchase power agreement under which the City purchases 17.5 MW from each unit, resulting in a total City contractual entitlement of 35 MW of capacity. Prairie State is projected to provide approximately 267,355 MWh of the City's energy supply in 2022. AMP owns an interest in the Prairie Sate Energy Campus equivalent to 368 MW of capacity.

In 2011, AMP purchased AFEC, a natural gas-fired combined cycle generating station, from FirstEnergy. Plant construction was completed by December 31, 2011 and commercial operation of the facility began on January 1, 2012. AFEC is located near Fremont, Ohio. AFEC includes two 180 MW (net) natural gas-fired combustion turbines and one 360 MW (net) steam turbine. The City purchases 11.55 MW of Base Capacity under a power sales agreement (“PSA”) with AMP, from AMP's share of AFEC. The City's AFEC PSA is projected to supply approximately 87,721 MWh of the City's energy supply in 2022.

On March 1, 2009, the City entered into the AMP/Hamilton Meldahl-Greenup Agreements pursuant to which the City has retained approximately 55.928 MW of the 108.81 MW Meldahl project. Additionally, the City sold approximately 34.1 MW of the 70.2 MW Greenup Project to AMP for a sale price of \$139 million, which was paid by AMP to the City shortly after the commencement of operations of the Meldahl Project in 2016. Proceeds from the sale were used to retire outstanding debt or deposited into a reserve to fund necessary capital improvements to the Electric System. Pursuant to the agreement, the City's share of the combined Meldahl/Greenup annual power generation is expected to be approximately 375,825 MWh, thereby diversifying the City's power resources and moving further away from the production of power via fossil fuels.

City of Hamilton, Ohio

Electric System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The City purchases approximately 3.8 MW on-peak and 1.9 MW off-peak of project capability and associated energy from the New York Power Authority's Niagara and St. Lawrence Hydroelectric Projects, marketed by NYPA and supplied through AMP. NYPA is projected to supply approximately 21,112 MWh of the City's energy supply in 2022. The NYPA entitlement is transmitted to the Electric System through New York, Pennsylvania, and the Pennsylvania-New Jersey-Maryland Interconnection, LLC systems and the Duke interconnection.

In November 2000, the City became a participant in OMEGA JV-2. OMEGA JV-2 owns and operates approximately 138 MW of distributive generation capacity consisting of 38 units located in 13 Ohio communities. One of the OMEGA JV-2 units, a 32 MW (gross) combustion turbine, is located within the City limits, but not at the Thermal Power Plant, and is interconnected with the Electric System. The OMEGA JV-2 generating unit that is located in Hamilton is remotely operated by AMP, under the OMEGA JV-2 arrangement. The City is entitled by contract to approximately 32 MW (gross) of capacity and associated energy from OMEGA JV-2. JV-2 is projected to supply approximately 2,600 MWh of the City's energy supply in 2022. The capacity charge includes the City's portion of the cost of funding the purchase of the OMEGA JV-2.

Gas Turbine-Generator 2, or GT-2, is a natural gas-fired combustion turbine. Gas Turbine-Generator 2 is used for peaking. Gas Turbine No. 2 was manufactured by Westinghouse.

The City is the licensee of the Small Hydro Plant, a run-of-the-river hydroelectric generation facility located on a three-mile long diversion canal off the Great Miami River. Water is diverted into the canal by means of ungated dams. The Small Hydro Plant is located in the City approximately one-quarter mile from the Thermal Power Plant. The Small Hydro Plant capacity rating is 1,700 kW and is projected to supply approximately 5,212 MWh of the City's energy supply in 2022. The diversion canal is the source of cooling water for the thermal generation facilities.

In 2012, the Electric System joined the PJM RTO (Regional Transmission Organization). This transition meant that the Electric System would receive its power from the "grid" through PJM as opposed to through the MISO (Midwest Independent System Operators) RTO, its pre-2012 Regional Transmission Organization. This transition resulted from the decision of Duke Energy Ohio and Duke Energy Kentucky switch from MISO to PJM. Since the City of Hamilton is essentially surrounded by the territory of Duke Energy Ohio and receives its outside power through the Duke Energy Interconnect, the decision to switch to PJM made operational and economic sense. Additionally, most of Ohio is already located in PJM.

Requests for Information

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

**CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and investments	\$ 46,763,349	48,157,579
Accounts receivable (less allowance for uncollectible accounts of \$2,383,810 and \$2,512,521, respectively)	8,522,657	8,603,671
Interest receivable	56,012	65,543
Inventory of supplies at cost	1,786,730	1,660,252
Prepaid expenses	458,902	388,602
Total current assets	<u>57,587,650</u>	<u>58,875,647</u>
Restricted cash and investments	<u>4,688,911</u>	<u>4,694,591</u>
Noncurrent assets:		
Net OPEB asset	1,070,596	-
Nondepreciable capital assets	34,025,335	28,183,274
Depreciable capital assets, net	92,481,966	94,183,538
Total noncurrent assets	<u>127,577,897</u>	<u>122,366,812</u>
Total assets	<u>189,854,458</u>	<u>185,937,050</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	286,572	296,807
Pension	1,179,386	1,847,032
OPEB	608,960	1,405,953
Total deferred outflows of resources	<u>2,074,918</u>	<u>3,549,792</u>
LIABILITIES		
Current liabilities:		
Accounts payable	5,567,622	7,382,165
Accrued wages and benefits	435,846	323,407
Accrued liabilities	1,037	956
Intergovernmental payable	166,035	150,582
Accrued interest payable	375,743	390,821
Customer deposits payable	1,759,519	1,813,679
Compensated absences payable-current	680,173	680,023
Revenue bonds payable-current portion	1,285,000	1,240,000
Total current liabilities	<u>10,270,975</u>	<u>11,981,633</u>
Noncurrent Liabilities:		
Compensated absences payable	580,682	627,534
Revenue bonds payable	38,663,599	40,105,459
Net pension liability	8,706,562	11,962,955
Net OPEB liability	-	8,499,247
Total OPEB liability	336,373	326,308
Total noncurrent liabilities	<u>48,287,216</u>	<u>61,521,503</u>
Total liabilities	<u>58,558,191</u>	<u>73,503,136</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	3,757,768	2,537,596
OPEB	3,272,604	1,214,060
Total deferred inflows of resources	<u>7,030,372</u>	<u>3,751,656</u>
NET POSITION		
Net investment in capital assets	90,324,670	89,493,657
Restricted for debt service	688,911	694,591
Restricted for rate stabilization	4,000,000	4,000,000
Unrestricted	31,327,232	18,043,802
Total net position	<u>\$ 126,340,813</u>	<u>112,232,050</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for services	\$ 85,342,432	79,975,957
Other operating revenues	<u>193,277</u>	<u>262,671</u>
Total operating revenues	<u>85,535,709</u>	<u>80,238,628</u>
Operating expenses:		
Personal services	1,482,319	11,551,884
Materials and supplies	765,562	980,853
Contractual services	7,296,423	6,929,534
Purchased power and fuel	49,132,047	52,466,231
Depreciation	7,055,527	7,010,456
Other operating expenses	<u>3,910,750</u>	<u>3,921,457</u>
Total operating expenses	<u>69,642,628</u>	<u>82,860,415</u>
Operating income (loss)	15,893,081	(2,621,787)
Non-operating revenues (expenses):		
Investment earnings	(198,681)	803,545
Loss on disposal of capital assets	(217,290)	(7,562)
Grants	-	50,657
Interest and fiscal charges	<u>(1,368,347)</u>	<u>(1,274,234)</u>
Total non-operating revenues (expenses)	<u>(1,784,318)</u>	<u>(427,594)</u>
Change in net position	14,108,763	(3,049,381)
Net position - beginning of year	<u>112,232,050</u>	<u>115,281,431</u>
Net position - end of year	\$ <u>126,340,813</u>	<u>112,232,050</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 85,616,804	80,408,768
Cash paid for employee services and benefits	(11,459,620)	(11,520,150)
Cash paid to suppliers for goods and services	(59,577,240)	(61,779,303)
Net cash from operating activities	<u>14,579,944</u>	<u>7,109,315</u>
Cash flows from noncapital financing activities:		
Intergovernmental grants	-	50,657
Kilowatt hour taxes received	2,455,493	2,314,634
Kilowatt hour taxes paid to State	(2,455,493)	(2,314,634)
Net cash from noncapital financing activities	<u>-</u>	<u>50,657</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisition	(13,020,654)	(9,035,234)
Revenue bond principal retirement	(1,240,000)	(1,210,000)
Debt interest payments	(1,530,050)	(1,383,388)
Net cash from capital and related financing activities	<u>(15,790,704)</u>	<u>(11,628,622)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(189,150)</u>	<u>887,937</u>
Net change in cash and investments	(1,399,910)	(3,580,713)
Cash and investments at beginning of year	<u>52,852,170</u>	<u>56,432,883</u>
Cash and investments at end of year	<u>\$ 51,452,260</u>	<u>52,852,170</u>
Reconciliation of operating income (loss) to net cash from operating activities		
Operating income (loss)	\$ 15,893,081	(2,621,787)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	7,055,527	7,010,456
Change in deferred outflows-pension and OPEB	1,464,639	2,517,449
Change in deferred inflows-pension and OPEB	3,278,716	3,509,996
Change in Assets and Liabilities:		
(Increase) decrease in receivables	81,014	170,120
(Increase) decrease in inventory	(126,478)	(37,472)
(Increase) decrease in prepaid items	(70,300)	(64,630)
Increase (decrease) in customer deposits payable	(54,160)	45,025
Increase (decrease) in payables	(207,195)	279,464
Increase (decrease) in accrued liabilities	65,818	(51,443)
Increase (decrease) in intergovernmental payables	15,453	6,133
(Increase) decrease in net OPEB asset	(1,070,596)	-
Increase (decrease) in net pension liability	(3,256,393)	(4,325,152)
Increase (decrease) in net OPEB liability	(8,499,247)	645,440
Increase (decrease) in Total OPEB liability	<u>10,065</u>	<u>25,716</u>
Net cash from operating activities	<u>\$ 14,579,944</u>	<u>7,109,315</u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	<u>\$ 1,015,710</u>	<u>2,623,058</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM

Notes to Financial Statements Years Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Electric System (Electric System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Electric System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Electric System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Electric System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Electric System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Electric System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Electric System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Discounts and Premiums – Unamortized bond discounts and premiums are amortized on the interest method over the term of the related bonds. Amortization of bond discounts for 2021 and 2020 was \$5,046 and amortization of premiums during 2021 and 2020 was \$161,906.

Compensated Absences - The Electric System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Electric System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Electric System reports deferred outflows of resources deferred pension/OPEB amounts and are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Electric System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

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

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Electric System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Electric System totaled \$50,763,349 and \$52,157,579 for December 31, 2021 and 2020, respectively, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$688,911 and \$694,591 at December 31, 2021 and 2020, respectively.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2021 and 2020, approximately 97% of the City's deposits with financial institutions, including the amount of pooled deposits related to the Electric System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Electric System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Electric Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

The City’s pooled investments, as well as the investments held by trustees specifically for the Electric System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 1.80 years and STAR Ohio which has a credit rating of AAAM.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Earned and unbilled consumer accounts	\$ 5,030,865	4,832,676
Earned and billed consumer accounts	5,530,434	5,768,597
Other	345,168	514,919
Less allowance for uncollectible accounts	<u>(2,383,810)</u>	<u>(2,512,521)</u>
Total	<u>\$ 8,522,657</u>	<u>8,603,671</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$4,688,911 and \$4,694,591 at December 31, 2021 and 2020, respectively.

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Nondepreciable capital assets:</i>				
Land	\$ 1,863,309	\$ 1,576,998	\$ -	\$ 3,440,307
Construction in progress	<u>26,319,965</u>	<u>6,650,212</u>	<u>(2,385,149)</u>	<u>30,585,028</u>
Subtotal	<u>28,183,274</u>	<u>8,227,210</u>	<u>(2,385,149)</u>	<u>34,025,335</u>
<i>Capital assets being depreciated:</i>				
Intangibles	1,070,786	-	-	1,070,786
Buildings and improvements	22,942,144	-	-	22,942,144
Machinery and equipment	<u>412,611,583</u>	<u>5,571,245</u>	<u>(487,854)</u>	<u>417,694,974</u>
Subtotal	<u>436,624,513</u>	<u>5,571,245</u>	<u>(487,854)</u>	<u>441,707,904</u>
Totals at historical cost	<u>464,807,787</u>	<u>13,798,455</u>	<u>(2,873,003)</u>	<u>475,733,239</u>
Less accumulated depreciation:				
Intangibles	278,408	21,416	-	299,824
Buildings and improvements	10,614,814	390,960	-	11,005,774
Machinery and equipment	<u>331,547,753</u>	<u>6,643,151</u>	<u>(270,564)</u>	<u>337,920,340</u>
Total accumulated depreciation	<u>342,440,975</u>	<u>7,055,527</u>	<u>(270,564)</u>	<u>349,225,938</u>
Capital assets, net	<u>\$ 122,366,812</u>	<u>\$ 6,742,928</u>	<u>\$ (2,602,439)</u>	<u>\$ 126,507,301</u>

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
<i>Nondepreciable capital assets:</i>				
Land	\$ 1,863,309	\$ -	\$ -	\$ 1,863,309
Construction in progress	<u>19,840,391</u>	<u>8,178,315</u>	<u>(1,698,741)</u>	<u>26,319,965</u>
Subtotal	<u>21,703,700</u>	<u>8,178,315</u>	<u>(1,698,741)</u>	<u>28,183,274</u>
<i>Capital assets being depreciated:</i>				
Intangibles	1,070,786	-	-	1,070,786
Buildings and improvements	22,850,308	91,836	-	22,942,144
Machinery and equipment	<u>408,202,445</u>	<u>4,777,588</u>	<u>(368,450)</u>	<u>412,611,583</u>
Subtotal	<u>432,123,539</u>	<u>4,869,424</u>	<u>(368,450)</u>	<u>436,624,513</u>
Totals at historical cost	<u>453,827,239</u>	<u>13,047,739</u>	<u>(2,067,191)</u>	<u>464,807,787</u>
Less accumulated depreciation:				
Intangibles	256,992	21,416	-	278,408
Buildings and improvements	10,228,360	386,454	-	10,614,814
Machinery and equipment	<u>325,306,055</u>	<u>6,602,586</u>	<u>(360,888)</u>	<u>331,547,753</u>
Total accumulated depreciation	<u>335,791,407</u>	<u>7,010,456</u>	<u>(360,888)</u>	<u>342,440,975</u>
Capital assets, net	<u>\$ 118,035,832</u>	<u>\$ 6,037,283</u>	<u>\$ (1,706,303)</u>	<u>\$ 122,366,812</u>

6. LONG-TERM DEBT

In April 2018, the Electric System currently refunded the 2017 Notes through the issuance of \$12,980,000 of Series 2018 Electric System Refunding Revenue Bonds. These bonds fully mature in 2030 and bear interest from 3.0 to 5.0 percent per annum.

In December 2019, the Electric System defeased \$14,520,000 of the Series 2009B Build America Bonds through the issuance of \$11,285,000 of Series 2019 Electric System Mortgage Revenue Refunding Bonds, and additional cash on hand. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in December 2019, the Electric System issued \$15,600,000 of Series 2019 Electric System Mortgage Revenue Bonds to construct a new substation and other necessary improvements. These bonds mature in 2049 and bear interest between 3.0 to 4.0 percent per annum.

Debt activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
Series 2018 Revenue Bonds	\$ 11,690,000	\$ -	\$ (940,000)	\$ 10,750,000	\$ 975,000
Series 2019 Revenue Refunding Bonds	11,180,000	-	(20,000)	11,160,000	20,000
Series 2019 Revenue Bonds	15,385,000	-	(280,000)	15,105,000	290,000
Less deferred amount:					
for issuance discounts	(146,348)	-	5,046	(141,302)	-
for issuance premiums	3,236,807	-	(161,906)	3,074,901	-
Compensated absences	1,307,557	633,321	(680,023)	1,260,855	680,173
	<u>\$ 42,653,016</u>	<u>\$ 633,321</u>	<u>\$ (2,076,883)</u>	<u>\$ 41,209,454</u>	<u>\$ 1,965,173</u>

Debt activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Additions	Reductions	Balance 12/31/20	Due Within One Year
Series 2018 Revenue Bonds	\$ 12,580,000	\$ -	\$ (890,000)	\$ 11,690,000	\$ 940,000
Series 2019 Revenue Refunding Bonds	11,285,000	-	(105,000)	11,180,000	20,000
Series 2019 Revenue Bonds	15,600,000	-	(215,000)	15,385,000	280,000
Less deferred amount:					
for issuance discounts	(151,394)	-	5,046	(146,348)	-
for issuance premiums	3,398,713	-	(161,906)	3,236,807	-
Compensated absences	1,251,858	727,502	(671,803)	1,307,557	680,023
	<u>\$ 43,964,177</u>	<u>\$ 727,502</u>	<u>\$ (2,038,663)</u>	<u>\$ 42,653,016</u>	<u>\$ 1,920,023</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

A summary of the Electric System’s annual debt service requirements as of December 31, 2021 follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,285,000	\$ 1,470,300	\$ 2,755,300
2023	1,355,000	1,409,150	2,764,150
2024	1,425,000	1,341,400	2,766,400
2025	1,490,000	1,270,150	2,760,150
2026	1,565,000	1,195,650	2,760,650
2027-2031	8,520,000	4,878,950	13,398,950
2032-2036	8,315,000	3,273,400	11,588,400
2037-2041	7,100,000	1,538,700	8,638,700
2042-2046	3,560,000	686,850	4,246,850
2047-2049	<u>2,400,000</u>	<u>145,500</u>	<u>\$ 2,545,500</u>
Total	<u>\$ 37,015,000</u>	<u>\$ 17,210,050</u>	<u>\$ 54,225,050</u>

7. DEFINED BENEFIT PENSION PLANS

The Electric System contributes to the Ohio Public Employees Retirement System.

A. Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2021 and 2020:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Electric System's contractually required contributions were \$1,179,386 and \$1,208,071 for 2021 and 2020, respectively. Of this amount, \$51,200 was reported as an intergovernmental payable in 2021 and \$44,699 in 2020.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Electric System's proportion of the net pension liability was based on the Electric System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net Pension Liability	\$ 8,706,562	\$ 11,962,955
Proportion of the Net Pension Liability	0.0587970%	0.0605239%
Change in Proportion	-0.0017268%	0.0010521%
Pension Expense	\$ 190,702	\$ 2,138,580

At December 31, 2021 and 2020, the Electric System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ -	\$ 638,961
Electric System contributions subsequent to the measurement date	<u>1,179,386</u>	<u>1,208,071</u>
Total Deferred Outflows of Resources	<u>\$ 1,179,386</u>	<u>\$ 1,847,032</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 3,393,562	\$ 2,386,338
Differences between expected and actual experience	<u>364,206</u>	<u>151,258</u>
Total Deferred Inflows of Resources	<u>\$ 3,757,768</u>	<u>\$ 2,537,596</u>

\$1,179,386 reported as deferred outflows of resources related to pension resulting from the Electric System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2022	\$ (1,432,573)
2023	(479,032)
2024	(1,383,333)
2025	<u>(462,830)</u>
Total	<u>\$ (3,757,768)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Electric System’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Electric System’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Electric System’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6. percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Electric System's proportionate share of the net pension liability	\$ 16,607,614	\$ 8,706,562	\$ 2,136,659

8. DEFINED BENEFIT OPEB PLANS

The Electric System contributes to the Ohio Public Employees Retirement System and the City’s Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Electric System's contractually required contributions were \$0 for 2021 and 2020.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Electric System's proportion of the net OPEB liability/(asset) was based on the Electric System's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,070,596)	\$ 8,499,247
Proportion of the Net OPEB Liability/(Asset)	0.0600925%	0.0615326%
Change in Proportion	-0.0014401%	0.0012931%
OPEB Expense	\$ (6,461,670)	\$ 680,654

At December 31, 2021 and 2020, the Electric System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Electric System change in proportionate share	\$ 34,352	\$ 10,567
Changes in assumptions	526,318	1,345,340
Differences between expected and actual experience	-	227
Total Deferred Outflows of Resources	<u>\$ 560,670</u>	<u>\$ 1,356,134</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 570,215	\$ 432,779
Changes in assumptions	1,734,688	-
Differences between expected and actual experience	966,206	777,294
Total Deferred Inflows of Resources	<u>\$ 3,271,109</u>	<u>\$ 1,210,073</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	
2022	\$ (1,412,040)
2023	(983,420)
2024	(247,792)
2025	(67,187)
Total	<u>\$ (2,710,439)</u>

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

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement period	2.00 percent
Prior measurement period	2.75 percent
Health Care Cost Trend Rate:	
Current measurement period	8.5 percent, initial 3.5 percent, ultimate in 2035
Prior measurement period	10.5 percent, initial 3.5 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Electric System’s Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate. The following table presents the Electric System’s proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00 percent, as well as what the Electric System’s proportionate share of the net OPEB (asset) if it were calculated using a discount rate that is 1.0 percentage point lower (5.00 percent) or 1.0 percentage point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Electric System's proportionate share of the net OPEB (asset)	\$ (266,296)	\$ (1,070,596)	\$ (1,732,430)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Electric System's proportionate share of the net OPEB (asset)	\$ (1,097,045)	\$ (1,070,596)	\$ (1,041,742)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Electric System’s contractually required contributions were \$17,896 in 2021 and \$17,444 in 2020.

At December 31, 2021, the number of plan-wide active participants and retirees were 562 and 674, respectively, and 579 and 657 at December 31, 2020, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2021. Following is information related to the changes in total OPEB liability:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability, beginning of year	\$ 326,308	\$ 300,592
Service cost	4,488	3,676
Interest	6,348	8,028
Difference between expected and actual experience	7,812	4,383
Changes in assumptions	9,313	27,073
Benefit payments	<u>(17,896)</u>	<u>(17,444)</u>
Total OPEB Liability, end of year	<u>\$ 336,373</u>	<u>\$ 326,308</u>
 Retiree Life Insurance Plan OPEB expense	 \$9,103	 \$7,065

At December 31, 2021 and 2020, the Electric System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 36,437	\$ 41,199
Differences between expected and actual experience	<u>11,853</u>	<u>8,620</u>
Total Deferred Outflows of Resources	<u>\$ 48,290</u>	<u>\$ 49,819</u>
 Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 1,495</u>	<u>\$ 3,987</u>

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

Year Ending December 31:		
2022	\$	16,816
2023		16,143
2024		9,526
2025		3,974
2026		<u>336</u>
Total	\$	<u>46,795</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:	
Current measurement date	1.80 percent
Prior measurement date	2.00 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disabled	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 2.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Electric System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 1.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (0.80 percent) and one-percentage-point higher (2.80 percent) than the current rate:

	1% Decrease (0.80%)	Current Discount Rate (1.80%)	1% Increase (2.80%)
Total OPEB liability	\$ 384,249	\$ 336,373	\$ 297,411

9. RELATED PARTY TRANSACTIONS

Under an arrangement with the City, the Electric System provides street lighting and traffic light services to the City, without charge and the estimated operating cost of supplying these free services was \$295,000 in 2021 and \$295,000 in 2020. The City’s Gas System provides gas to the Electric System for use in the generation of electricity. Gas costs of \$123,000 in 2021 and \$67,000 in 2020 paid to the Gas System are included in operating expenses. The Electric System sells electricity to the City’s Water and Wastewater Systems. Included in revenues are sales to the Water System and Wastewater System in 2021 of \$2,041,036 (\$1,324,278 and \$716,758) and \$2,022,504 (\$1,326,350 and \$696,154) in 2020. The Electric System is allocated from the City a portion of the City’s administrative cost. In addition, it was charged expenses by the City’s internal service funds, which provide services to various City departments. Total expenses for these items were approximately \$4,266,000 in 2021 and \$4,189,000 in 2020 and is included in other operating expenses.

10. CONTINGENT LIABILITIES

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

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

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

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Electric System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS

The City of Hamilton is a member of a number of Governmental Joint Ventures and Jointly Governed Organizations as described in GASB Statement No. 61, *The Financial Reporting Entity*. The following is a list of organizations and a brief description of the Joint Venture and the Jointly Governed Organizations pertaining specifically to the Electric System of the City.

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

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

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

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

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

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

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

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

13. CONTRACTUAL COMMITMENTS

At December 31, 2021, the Electric System had contractual commitments of approximately \$4,053,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Electric System operations.

14. CLOSURE OF THE ELECTRIC SYSTEM TO COMPETITION

In March 2002, the Hamilton City Council adopted an ordinance effectively closing the municipal borders of the City to electric deregulation. With the adoption of the ordinance, electric customers within these corporate boundaries must purchase their electricity from the Hamilton Electric System.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PERIODS**

	Electric System's Proportion of the Net Pension Liability	Electric System's Proportionate Share of the Net Pension Liability	Electric System's Covered Payroll	Electric System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0568681%	\$ 6,707,570	\$ 6,440,385	104.15%	86.36%
2015	0.0568681%	6,858,924	6,999,658	97.99%	86.45%
2016	0.0516665%	8,949,281	6,614,758	135.29%	81.08%
2017	0.0533571%	12,116,488	6,743,650	179.67%	77.25%
2018	0.0561443%	8,807,947	7,559,592	116.51%	84.66%
2019	0.0594718%	16,288,107	7,568,371	215.21%	74.70%
2020	0.0605239%	11,962,955	8,376,079	142.82%	82.17%
2021	0.0587970%	8,706,562	8,629,079	100.90%	86.88%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 837,250	\$ (837,250)	\$ -	\$ 6,440,385	13.00%
2014	839,959	(839,959)	-	6,999,658	12.00%
2015	793,771	(793,771)	-	6,614,758	12.00%
2016	809,238	(809,238)	-	6,743,650	12.00%
2017	982,747	(982,747)	-	7,559,592	13.00%
2018	1,059,572	(1,059,572)	-	7,568,371	14.00%
2019	1,172,651	(1,172,651)	-	8,376,079	14.00%
2020	1,208,071	(1,208,071)	-	8,629,079	14.00%
2021	1,179,386	(1,179,386)	-	8,424,186	14.00%

Note: Information prior to 2013 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST FIVE MEASUREMENT PERIODS**

	Electric System's Proportion of the Net OPEB Liability/(Asset)	Electric System's Proportionate Share of the Net OPEB Liability/(Asset)	Electric System's Covered Payroll	Electric System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0532705%	\$ 5,380,506	\$ 6,743,650	79.79%	54.05%
2018	0.0568005%	6,168,113	7,559,592	81.59%	54.14%
2019	0.0602395%	7,853,807	7,568,371	103.77%	46.33%
2020	0.0615326%	8,499,247	8,376,079	101.47%	47.80%
2021	0.0600925%	(1,070,596)	8,629,079	(12.41%)	115.57%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SIX YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 134,873	\$ (134,873)	\$ -	\$ 6,743,650	2.00%
2017	75,596	(75,596)	-	7,559,592	1.00%
2018	-	-	-	7,568,371	0.00%
2019	-	-	-	8,376,079	0.00%
2020	-	-	-	8,629,079	0.00%
2021	-	-	-	8,424,186	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	Electric System's Proportion Total OPEB Liability	Electric System's Covered- Employee Payroll	Electric System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 7,559,592	3.67%
2018	265,451	7,568,371	3.51%
2019	300,592	8,376,079	3.59%
2020	326,308	8,629,079	3.78%
2021	336,373	8,424,186	3.99%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FOUR YEARS**

	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,488	3,676	2,937	3,100
Interest	6,348	8,028	9,762	9,412
Difference between expected and actual experience	7,812	4,383	6,383	3,947
Changes in assumptions	9,313	27,073	33,317	(11,462)
Benefit payments	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 336,373</u>	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2021.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF HAMILTON, OHIO – GAS SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Gas System, an enterprise fund of the City of Hamilton, Ohio (the Gas System), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Gas System as of December 31, 2021 and 2020, and the changes in its financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Gas System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Gas System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 10, 2022

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The discussion and analysis of the City of Hamilton, Ohio's Gas System's financial performance provide an overall review of that system's financial activities for the years ended December 31, 2021 and 2020. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position, Revenues, Expenses and Changes in Net Position, and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2021 and 2020 are as follows:

- ❑ The assets and deferred outflow of resources of the Hamilton Gas System exceeded its liabilities and deferred inflows of resources at the close of 2021 and 2020 by \$31,748,977 and \$31,457,735 (net position), respectively. Of these amounts, \$1,598,256 and \$992,970 (unrestricted net position) in those years were available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position increased by \$291,242 between 2021 and 2020, representing 0.9% increase.
- ❑ In 2021, the Gas System's total long-term debt decreased during 2021 by \$620,000 to \$5,155,000 due to making annual debt service payments.

Gas System Summary

The City has owned and operated a natural gas utility system since 1890. It is currently the largest municipal gas distribution operation in Ohio and serves approximately 23,500 customers located in the City and the immediate environs through approximately 282 miles of pipe. The City purchases natural gas from a supplier, then resells the gas to residential and general service (commercial and industrial) customers. The City also provides distribution delivery service to customers who have contracted with either the City or a natural gas supplier.

The Gas System provides full service (acquisition of gas supply, transportation of the gas supply to the City's interconnections and distribution of gas supply from the City's interconnections to the customer meter) and distribution delivery service (distribution delivery of the gas arranged for by, or on behalf of, the customer from the City's interconnections to the customer's meter.) Currently, the Gas System provides full service to residential and general service customers.

There are no franchise service territories for natural gas utilities in Ohio and the City is not prohibited from providing gas service in areas outside its corporate limits. Under the Ohio Constitution, however, the City's gas utility sales outside the corporate limits may not exceed 50% of the total service supplied within the City's corporate limits. Currently, less than 1% of the City's total gas sales are to customers located outside the City's corporate limits.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The City is a participant, with other AMP communities in the AMP Fremont Energy Center (AFEC). The City is entitled to 11.55 MW of capacity from AFEC. Additionally, the City began utilizing its buying power through the Muni-Gas Program, in 2013, to serve as a gas supply intermediary for the City's allocation of gas at AFEC. The City passes along 50% of the savings from the Muni-Gas Discount to AFEC and retains the other 50% for Hamilton Gas System. In 2021, the Gas System sold 592,460 Dths to AFEC, via The Energy Authority, totaling \$2.2 million, or approximately \$3.67/Dth. These sales to AFEC netted approximately \$88,900 for the Gas System.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Gas System for the years ended December 31, 2021 and 2020.

Reporting Hamilton's Gas System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Gas System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Gas System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2021 and 2020. The City of Hamilton's Gas System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Gas Fund are restricted to Gas System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Gas Fund and asks the question, "How did we do financially during 2021 and 2020?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in the net positions. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Gas System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Gas System charges fees to recoup the cost of the entire operation of the Gas System as well as all capital expenses associated with these facilities.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Gas Fund, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$31,748,977 and \$31,457,735 as of December 31, 2021 and 2020, respectively. By far the largest portion of the net position of the Gas System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The ratios of net investment in capital assets to total net position are as follows: 89% for 2021, 90% for 2020, and 88% for 2019. The System employs these assets in the delivery of natural gas to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and the resources needed to repay these debts must be provided from other sources, primarily the revenues of the System, since the capital assets themselves cannot be used to liquidate the liabilities.

Table 1 provides a summary of the Gas System's Statement of Net Position for the Years Ended December 31, 2021, 2020 and 2019:

	2021	2020	2019
Current and other assets	\$ 10,062,368	\$ 11,036,136	\$ 11,529,343
Capital assets	32,320,617	33,104,915	33,551,244
Total assets	<u>42,382,985</u>	<u>44,141,051</u>	<u>45,080,587</u>
Deferred outflows of resources	587,644	885,844	1,368,588
Long-term liabilities:			
Net pension liability	1,805,251	2,344,239	3,108,207
OPEB liabilities	336,373	1,991,804	1,799,308
Other long-term amounts	4,640,988	5,292,121	5,909,755
Other liabilities	2,980,154	3,202,625	3,038,030
Total liabilities	<u>9,762,766</u>	<u>12,830,789</u>	<u>13,855,300</u>
Deferred inflows of resources	1,458,886	738,371	51,355
Net investment in capital assets	28,150,721	28,464,765	28,582,432
Restricted	2,000,000	2,000,000	2,500,000
Unrestricted	1,598,256	992,970	1,460,088
Total net position	<u>\$ 31,748,977</u>	<u>\$ 31,457,735</u>	<u>\$ 32,542,520</u>

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

The net pension liability (NPL) is reported by the Gas System pursuant to Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. The net other postemployment benefits (OPEB) liability/(asset) are reported by the Gas System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Gas System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Gas System's financial statements as a result of the Gas System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Gas System's financial statements reflects OPEB benefits provided by the Gas System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Gas System's proportionate share of each plan's collective:

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

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

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

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

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Gas System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

As of December 31, 2021 and 2020, the Gas System was able to report a positive balances in net position of \$31,748,977 and \$31,457,735, respectively. In 2021, the Gas System reported an increase in net position of \$291,242, a decrease of \$1,084,785 in 2020, and an increase of \$303,455 in 2019. In 2021, the Gas System reported operating income of \$496,228, an operating loss of \$1,006,258 in 2020, and operating income of \$305,996 in 2019. Net operating income of \$496,228 increased \$1,502,486 from 2020 to 2021. The increase in net operating income was a direct result of changes in net pension and net OPEB liabilities. Net non-operating expenses of \$204,986 decreased by \$126,459, primarily due to unrealized losses on investments.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Statements of Revenues, Expenses and Changes in Net Position

	2021	2020	2019
Operating revenues	\$ 18,111,405	\$ 17,849,755	\$ 21,076,426
Operating expenses:			
Purchased gas	9,024,664	8,205,843	10,660,616
Depreciation	2,164,619	2,126,168	2,059,407
Other operating expenses	6,425,894	8,524,002	8,050,407
Total operating expenses	<u>17,615,177</u>	<u>18,856,013</u>	<u>20,770,430</u>
Operating income (loss)	496,228	(1,006,258)	305,996
Non-Operating revenues (expenses)			
Interest and fiscal charges	(180,524)	(195,047)	(213,621)
Loss on disposal of capital assets	(1,089)	(16,660)	(16,984)
Other non-operating revenues	(23,373)	133,180	228,064
Total non-operating revenues (expenses)	<u>(204,986)</u>	<u>(78,527)</u>	<u>(2,541)</u>
Change in net position	291,242	(1,084,785)	303,455
Beginning net position	31,457,735	32,542,520	32,239,065
Ending net position	<u>\$ 31,748,977</u>	<u>\$ 31,457,735</u>	<u>\$ 32,542,520</u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Gas System as of December 31, 2021, 2020, and 2019 amounted to \$28.2 million, \$28.5 million, and \$28.6 million, respectively, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment. Significant capital activity during the year included gas main and meter replacements.

Note 5 (Capital Assets) provides Gas System capital asset activity during 2021 and 2020.

Debt Administration: At the end of 2021, the Gas System had two outstanding long-term revenue bond issues. The 2017 Gas System Revenue Refunding and Improvement Bonds, which had an outstanding balance of \$3,615,000 as of December 31, 2021, was issued to refund the Series 2009 Revenue bonds and provided \$1,960,000 in new financing for Gas System improvements. The 2018 Gas System Revenue Improvement Bonds of \$1,540,000 were issued in August 2018 to provide funding for the Lindenwald gas main replacement project.

See Note 6 for a discussion of outstanding Gas System bonds and related activity.

City of Hamilton, Ohio

Gas System

Management's Discussion and Analysis
For the Years Ended December 31, 2021 and 2020
Unaudited

Economic Factors and Future Trends

The City's Gas System is continually monitoring the cost of natural gas. Due to high volatility in the cost of natural gas, the City is required by both ordinance and indentures to pass through these gas costs to its customers via the gas cost recovery charge (GCR). The GCR averaged a credit of \$0.08392/Ccf for 2021. In 2017, the City entered a five-year fixed price contract for natural gas to help mitigate the natural gas prices for its customers; this was extended an additional two years in 2020. The overall number of customers has remained relatively steady while, like most gas systems, the usage per residential customer has continued to slowly decline as a result of improved efficiency of appliances.

In September 2011, City Council adopted an ordinance, creating the Natural Gas Residential Service Line Maintenance (RSLM) Program and Rider C for the Gas System. The RSLM and Rider C charges apply only to the City's residential gas accounts. The RSLM and funds collected through Rider C are earmarked for two separate and distinct activities: the replacement of Design A (field-assembled risers), in compliance with a Public Utilities Commission of Ohio (PUCO) Statewide order, and the assumption of the maintenance responsibility of gas service lines to residential customers by the City. The riser replacement portion of the RSLM was scheduled to be a five-year program, with a corresponding five-year collection period through Rider C. Beginning with the rates adopted in December 2017, all riser replacement costs are being collected in the base gas service rates to more accurately reflect the cost of service. Furthermore, the Rider C charge was set to zero at the time of the first step of the two-year plan in 2018.

Natural gas prices have increased recently due to increased demand for power generation and other market conditions. The City continues to monitor potential threats to supply and the City's Gas System has continued its strong financial performance into 2021. The City maintains an A1 bond rating with a stable outlook for its Gas System and its Gas System Revenue Bonds.

Requests for Information

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

**CITY OF HAMILTON, OHIO – GAS SYSTEM
STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and investments	\$ 4,612,764	5,449,582
Accounts receivable (less allowance for uncollectible accounts of \$624,150 and \$685,707, respectively)	2,935,456	3,316,555
Interest receivable	5,499	9,350
Inventory of supplies at cost	175,937	166,682
Prepaid expenses	110,730	93,967
Total current assets	<u>7,840,386</u>	<u>9,036,136</u>
Restricted assets:		
Cash and investments	<u>2,000,000</u>	<u>2,000,000</u>
Noncurrent assets:		
Net OPEB asset	221,982	-
Nondepreciable capital assets	4,009,425	3,807,915
Depreciable capital assets, net	28,311,192	29,297,000
Total noncurrent assets	<u>32,542,599</u>	<u>33,104,915</u>
Total assets	<u>42,382,985</u>	<u>44,141,051</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on debt refunding	178,565	208,325
Pension	244,538	361,940
OPEB	164,541	315,579
Total deferred outflows of resources	<u>587,644</u>	<u>885,844</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,285,362	1,513,334
Accrued wages and benefits	93,905	63,181
Intergovernmental payable	34,796	31,108
Accrued interest payable	30,146	33,363
Customer deposits payable	710,012	753,140
Compensated absences payable-current	190,933	188,499
Revenue bonds payable-current	635,000	620,000
Total current liabilities	<u>2,980,154</u>	<u>3,202,625</u>
Noncurrent liabilities:		
Compensated absences payable	120,988	137,121
Revenue bonds payable	4,520,000	5,155,000
Net pension liability	1,805,251	2,344,239
Net OPEB liability	-	1,665,496
Total OPEB liability	<u>336,373</u>	<u>326,308</u>
Total noncurrent liabilities	<u>6,782,612</u>	<u>9,628,164</u>
Total liabilities	<u>9,762,766</u>	<u>12,830,789</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	779,147	497,260
OPEB	679,739	241,111
Total deferred inflows of resources	<u>1,458,886</u>	<u>738,371</u>
NET POSITION		
Net investment in capital assets	28,150,721	28,464,765
Restricted for rate stabilization	2,000,000	2,000,000
Unrestricted	1,598,256	992,970
Total net position	<u>\$ 31,748,977</u>	<u>31,457,735</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for services	\$ 18,089,225	17,848,021
Other operating revenues	<u>22,180</u>	<u>1,734</u>
Total operating revenues	<u>18,111,405</u>	<u>17,849,755</u>
Operating expenses:		
Personal services	1,173,005	3,080,517
Materials and supplies	218,358	176,923
Contractual services	1,351,870	1,627,947
Purchased gas	9,024,664	8,205,843
Depreciation	2,164,619	2,126,168
Other operating expenses	<u>3,682,661</u>	<u>3,638,615</u>
Total operating expenses	<u>17,615,177</u>	<u>18,856,013</u>
Operating income (loss)	496,228	(1,006,258)
Non-operating revenues (expenses):		
Investment earnings	(23,373)	133,180
Loss on disposal of capital assets	(1,089)	(16,660)
Interest and fiscal charges	<u>(180,524)</u>	<u>(195,047)</u>
Total non-operating revenues (expenses)	<u>(204,986)</u>	<u>(78,527)</u>
Change in net position	291,242	(1,084,785)
Net position - beginning of year	<u>31,457,735</u>	<u>32,542,520</u>
Net position - end of year	\$ <u>31,748,977</u>	<u>31,457,735</u>

See notes to financial statements.

**CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 18,492,504	17,965,227
Cash paid for employee services and benefits	(2,578,623)	(2,538,016)
Cash paid to suppliers for goods and services	<u>(14,647,061)</u>	<u>(13,617,668)</u>
Net cash from operating activities	<u>1,266,820</u>	<u>1,809,543</u>
Cash flows from capital and related financing activities:		
Payments for capital acquisition	(1,310,135)	(1,551,210)
Debt principal payments	(620,000)	(605,000)
Debt interest payments	<u>(153,981)</u>	<u>(168,414)</u>
Net cash from capital and related financing activities	<u>(2,084,116)</u>	<u>(2,324,624)</u>
Cash flows from investing activities:		
Interest from investments and change in fair value of investments	<u>(19,522)</u>	<u>139,294</u>
Net cash flow from investing activities	<u>(19,522)</u>	<u>139,294</u>
Net change in cash and investments	(836,818)	(375,787)
Cash and investments at beginning of year	<u>7,449,582</u>	<u>7,825,369</u>
Cash and investments at end of year	\$ <u><u>6,612,764</u></u>	<u><u>7,449,582</u></u>
Reconciliation of operating income (loss) to net cash from operating activities		
Operating income (loss)	\$ 496,228	(1,006,258)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation	2,164,619	2,126,168
Change in deferred outflows-pension and OPEB	268,440	452,984
Change in deferred inflows-pension and OPEB	720,515	687,016
Changes in Assets and Liabilities:		
(Increase) decrease in receivables	381,099	115,472
(Increase) decrease in inventory	(9,255)	9,365
(Increase) decrease in prepaid items	(16,763)	(13,531)
Increase (decrease) in customer deposits payable	(43,128)	(30,668)
Increase (decrease) in payables	(299,247)	64,176
Increase (decrease) in accrued liabilities	17,025	(23,653)
Increase (decrease) in intergovernmental payables	3,688	(56)
(Increase) decrease in net OPEB asset	(221,982)	-
Increase (decrease) in net pension liability	(538,988)	(763,968)
Increase (decrease) in net OPEB liability	(1,665,496)	166,780
Increase (decrease) in total OPEB liability	<u>10,065</u>	<u>25,716</u>
Net cash from operating activities	\$ <u><u>1,266,820</u></u>	<u><u>1,809,543</u></u>
Schedule of noncash activities:		
Outstanding liabilities for purchase of certain capital assets	\$ <u>245,008</u>	<u>173,733</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO – GAS SYSTEM

Notes to Financial Statements Year Ended December 31, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Gas System (Gas System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Gas System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Gas System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Gas System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Gas System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Gas System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Gas System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Compensated Absences – The Gas System follows the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Gas System will compensate the employees for the benefits through paid time off or some other means. Sick leave termination benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those employees for whom it is probable that they will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year-end.

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

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Gas System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Gas System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

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

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Gas System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Gas System totaled \$6,612,764 and \$7,449,582 at December 31, 2021 and 2020, respectively, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio).

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. Investments in STAR Ohio are measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2021 and 2020, approximately 97% of the City's deposits with financial institutions, including the amount of pooled deposits related to the Gas System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Gas System's uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Gas Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

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

The City’s pooled investments, as well as the investments held by trustees specifically for the Gas System, are invested primarily in U.S. governmental agency securities with an AA+ credit rating and an average maximum maturity of 1.80 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Earned and unbilled consumer accounts	\$ 1,941,674	2,232,999
Earned and billed consumer accounts	1,611,447	1,769,263
Other	6,485	-
Less allowance for uncollectible accounts	<u>(624,150)</u>	<u>(685,707)</u>
Total	\$ <u>2,935,456</u>	<u>3,316,555</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$2,000,000 and \$2,000,000 at December 31, 2021 and 2020, respectively.

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5. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2021 and 2020 was as follows:

	Balance 1/1/21	Increases	Decreases	Balance 12/31/21
<i>Capital assets not being depreciated:</i>				
Land	\$ 710,882	\$ -	\$ -	\$ 710,882
Construction in progress	<u>3,097,033</u>	<u>792,270</u>	<u>(590,760)</u>	<u>3,298,543</u>
Subtotal	<u>3,807,915</u>	<u>792,270</u>	<u>(590,760)</u>	<u>4,009,425</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,339,113	-	-	1,339,113
Machinery and equipment	<u>81,055,080</u>	<u>1,179,900</u>	<u>(32,926)</u>	<u>82,202,054</u>
Subtotal	<u>82,394,193</u>	<u>1,179,900</u>	<u>(32,926)</u>	<u>83,541,167</u>
Totals at historical cost	<u>86,202,108</u>	<u>1,972,170</u>	<u>(623,686)</u>	<u>87,550,592</u>
Less accumulated depreciation:				
Buildings and improvements	1,042,202	77,997	-	1,120,199
Machinery and equipment	<u>52,054,991</u>	<u>2,086,622</u>	<u>(31,837)</u>	<u>54,109,776</u>
Total accumulated depreciation	<u>53,097,193</u>	<u>2,164,619</u>	<u>(31,837)</u>	<u>55,229,975</u>
Capital assets, net	<u>\$ 33,104,915</u>	<u>\$ (192,449)</u>	<u>\$ (591,849)</u>	<u>\$ 32,320,617</u>
	Balance 1/1/20	Increases	Decreases	Balance 12/31/20
<i>Capital assets not being depreciated:</i>				
Land	\$ 710,882	\$ -	\$ -	\$ 710,882
Construction in progress	<u>1,999,188</u>	<u>1,120,689</u>	<u>(22,844)</u>	<u>3,097,033</u>
Subtotal	<u>2,710,070</u>	<u>1,120,689</u>	<u>(22,844)</u>	<u>3,807,915</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,339,113	-	-	1,339,113
Machinery and equipment	<u>80,507,642</u>	<u>598,654</u>	<u>(51,216)</u>	<u>81,055,080</u>
Subtotal	<u>81,846,755</u>	<u>598,654</u>	<u>(51,216)</u>	<u>82,394,193</u>
Totals at historical cost	<u>84,556,825</u>	<u>1,719,343</u>	<u>(74,060)</u>	<u>86,202,108</u>
Less accumulated depreciation:				
Buildings and improvements	964,205	77,997	-	1,042,202
Machinery and equipment	<u>50,041,376</u>	<u>2,048,171</u>	<u>(34,556)</u>	<u>52,054,991</u>
Total accumulated depreciation	<u>51,005,581</u>	<u>2,126,168</u>	<u>(34,556)</u>	<u>53,097,193</u>
Capital assets, net	<u>\$ 33,551,244</u>	<u>\$ (406,825)</u>	<u>\$ (39,504)</u>	<u>\$ 33,104,915</u>

6. LONG TERM DEBT

In August 2017, the Gas System defeased \$4,250,000 of Gas System Revenue Bonds through the issuance of \$5,840,000 of Revenue Refunding Bonds. A portion of the net proceeds of the 2017 Bonds were used to make current payments on the old bonds and the remaining proceeds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds.

In August 2018, the Gas System issued \$1,720,000 in Series 2018 Gas System Improvement Bonds to provide funding for Gas System distribution improvements. The bonds fully mature on October 15, 2038 and bear interest of 3.8 percent per annum.

Activity for the year ended December 31, 2021 was as follows:

	Balance 1/1/21	Additions	Reductions	Balance 12/31/21	Due Within One Year
2017 Refunding Bonds	\$ 4,170,000	\$ -	\$ (555,000)	\$ 3,615,000	\$ 570,000
2018 Revenue Bonds	1,605,000	-	(65,000)	1,540,000	65,000
Compensated absences	<u>325,620</u>	<u>174,800</u>	<u>(188,499)</u>	<u>311,921</u>	<u>190,933</u>
	<u>\$ 6,100,620</u>	<u>\$ 174,800</u>	<u>\$ (808,499)</u>	<u>\$ 5,466,921</u>	<u>\$ 825,933</u>

Activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/20	Additions	Reductions	Balance 12/31/20	Due Within One Year
2017 Refunding Bonds	\$ 4,715,000	\$ -	\$ (545,000)	\$ 4,170,000	\$ 555,000
2018 Revenue Bonds	1,665,000	-	(60,000)	1,605,000	65,000
Compensated absences	<u>318,581</u>	<u>190,865</u>	<u>(183,826)</u>	<u>325,620</u>	<u>188,499</u>
	<u>6,698,581</u>	<u>190,865</u>	<u>(788,826)</u>	<u>6,100,620</u>	<u>808,499</u>

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

Annual debt service requirements to maturity for the refunding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 635,000	\$ 139,135	\$ 774,135
2023	655,000	123,954	778,954
2024	665,000	108,248	773,248
2025	685,000	92,320	777,320
2026	695,000	75,867	770,867
2027-2031	1,070,000	207,581	1,277,581
2032-2036	515,000	104,690	619,690
2037-2038	<u>235,000</u>	<u>13,490</u>	<u>248,490</u>
Total	<u>\$ 5,155,000</u>	<u>\$ 865,285</u>	<u>\$ 6,020,285</u>

7. **DEFINED BENEFIT PENSION PLANS**

The Gas System contributes to the Ohio Public Employees Retirement.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2021 and 2020:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Gas System’s contractually required contributions were \$244,538 and \$236,731 for 2021 and 2020, respectively. Of these amounts, \$10,732 was reported as an intergovernmental payable in 2021 and \$8,758 in 2020.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Gas System's proportion of the net pension liability was based on the Gas System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net Pension Liability	\$ 1,805,251	\$ 2,344,239
Proportion of the Net Pension Liability	0.0121912%	0.0118601%
Change in Proportion	0.0003310%	0.0005113%
Pension Expense	\$ 39,541	\$ 419,072

At December 31, 2021 and 2020, the Gas System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ -	\$ 125,209
Gas System contributions subsequent to the measurement date	<u>244,538</u>	<u>236,731</u>
Total Deferred Outflows of Resources	<u>\$ 244,538</u>	<u>\$ 361,940</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on pension plan investments	\$ 703,633	\$ 467,622
Differences between expected and actual experience	<u>75,514</u>	<u>29,638</u>
Total Deferred Inflows of Resources	<u>\$ 779,147</u>	<u>\$ 497,260</u>

\$244,538 reported as deferred outflows of resources related to pension resulting from the Gas System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	
2022	\$ (297,034)
2023	(99,324)
2024	(286,824)
2025	<u>(95,965)</u>
Total	<u>\$ (779,147)</u>

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 Retirees: 3 percent, simple; Post 1/7/2013 Retirees: 0.5 percent simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

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

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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

The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate. The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Gas System’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Gas System’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the Gas System’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Gas System's proportionate share of the net pension liability	\$ 3,443,485	\$ 1,805,251	\$ 443,023

8. DEFINED BENEFIT OPEB PLANS

The Gas System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Gas System's contractually required contributions were \$0 for 2021 and 2020.

OPEB Liability/(Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB liability/(asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Gas System’s proportion of the net OPEB liability/(asset) was based on the Gas System’s share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>2021</u>	<u>2020</u>
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (221,982)	\$ 1,665,497
Proportion of the Net OPEB Liability/(Asset)	0.0124598%	0.0120578%
Change in Proportion	0.0004020%	0.0005625%
OPEB Expense	\$ (1,339,786)	\$ 133,380

At December 31, 2021 and 2020, the Gas System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Gas System change in proportionate share	\$ 7,122	\$ 2,086
Changes in assumptions	109,129	263,630
Differences between expected and actual experience	-	44
Total Deferred Outflows of Resources	<u>\$ 116,251</u>	<u>\$ 265,760</u>
Deferred Inflows of Resources		
Net difference between projected and actual earnings on OPEB plan investments	\$ 118,230	\$ 84,807
Changes in assumptions	359,676	-
Differences between expected and actual experience	200,338	152,317
Total Deferred Inflows of Resources	<u>\$ 678,244</u>	<u>\$ 237,124</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:		
	2022	\$ (292,778)
	2023	(203,906)
	2024	(51,378)
	2025	<u>(13,931)</u>
Total		<u>\$ (561,993)</u>

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

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

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

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

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

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

Discount Rate. A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent.

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Gas System’s Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate. The following table presents the Gas System’s proportionate share of the net OPEB (asset) calculated using the single discount rate of 6.00 percent, as well as what the Gas System’s proportionate share of the net OPEB (asset) if it were calculated using a discount rate that is 1.0 percentage point lower (5.00 percent) or 1.0 percentage point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Gas System's proportionate share of the net OPEB (asset)	\$ (55,215)	\$ (221,982)	\$ (359,210)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Gas System's proportionate share of the net OPEB (asset)	\$ (227,466)	\$ (221,982)	\$ (215,999)

B. Retiree Life Insurance

Total OPEB Liability

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

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

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

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Gas System's contractually required contributions were \$17,896 in 2021 and \$17,444 in 2020.

At December 31, 2021, the number of plan-wide active participants and retirees were 562 and 674, respectively, and 579 and 657 at December 31, 2020, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2021. Following is information related to the changes in total OPEB liability:

	<u>2021</u>	<u>2020</u>
Total OPEB Liability, beginning of year	\$ 326,308	\$ 300,592
Service cost	4,488	3,676
Interest	6,348	8,028
Difference between expected and actual experience	7,812	4,383
Changes in assumptions	9,313	27,073
Benefit payments	<u>(17,896)</u>	<u>(17,444)</u>
Total OPEB Liability, end of year	<u>\$ 336,373</u>	<u>\$ 326,308</u>
Retiree Life Insurance Plan OPEB expense	\$9,103	\$7,065

At December 31, 2021 and 2020, the Gas System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

	<u>2021</u>	<u>2020</u>
Deferred Outflows of Resources		
Changes in assumptions	\$ 36,437	\$ 41,199
Differences between expected and actual experience	<u>11,853</u>	<u>8,620</u>
Total Deferred Outflows of Resources	<u>\$ 48,290</u>	<u>\$ 49,819</u>
 Deferred Inflows of Resources		
Changes in assumptions	<u>\$ 1,495</u>	<u>\$ 3,987</u>

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

Year Ending December 31:		
2022	\$	16,816
2023		16,143
2024		9,526
2025		3,974
2026		<u>336</u>
Total	\$	<u>46,795</u>

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

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Single Discount Rate:	
Current measurement date	1.80 percent
Prior measurement date	2.00 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disabled	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2021

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

Discount Rate. A single discount rate of 1.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 2.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Gas System’s Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 1.80 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (0.80 percent) and one-percentage-point higher (2.80 percent) than the current rate:

	1% Decrease (0.80%)	Current Discount Rate (1.80%)	1% Increase (2.80%)
Total OPEB liability	\$ 384,249	\$ 336,373	\$ 297,411

9. CONTINGENT LIABILITIES

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

10. RELATED PARTY TRANSACTIONS

The Gas System sells gas to the City’s Electric System for use in the generation of electricity. Revenues of approximately \$123,000 and \$67,000 from the Electric System to the Gas System are included in operating revenues in 2021 and 2020, respectively.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds that provide services to various City departments. Charges to the Gas System for these services were approximately \$4,063,000 in 2021 and \$3,916,000 in 2020 and are included in other operating expenses.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Gas System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials’ errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. CONTRACTUAL COMMITMENTS

At December 31, 2021, the Gas System had a contractual commitment related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the operations of approximately \$693,000.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST EIGHT MEASUREMENT PERIODS**

	Gas System's Proportion of the Net Pension Liability	Gas System's Share of the Net Pension Liability	Gas System's Covered Payroll	Gas System's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.0101489%	\$ 1,198,966	\$ 1,116,600	107.38%	86.36%
2015	0.0101489%	1,224,067	1,251,175	97.83%	86.45%
2016	0.0099057%	1,715,789	1,165,042	147.27%	81.08%
2017	0.0098227%	2,230,562	1,292,917	172.52%	77.25%
2018	0.0110862%	1,739,203	1,391,669	124.97%	84.66%
2019	0.0113488%	3,108,207	1,494,436	207.99%	74.70%
2020	0.0118601%	2,344,239	1,598,379	146.66%	82.17%
2021	0.0121912%	1,805,251	1,690,936	106.76%	86.88%

Notes: Information prior to 2014 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 145,158	\$ (145,158)	\$ -	\$ 1,116,600	13.00%
2014	150,141	(150,141)	-	1,251,175	12.00%
2015	139,805	(139,805)	-	1,165,042	12.00%
2016	155,150	(155,150)	-	1,292,917	12.00%
2017	180,917	(180,917)	-	1,391,669	13.00%
2018	209,221	(209,221)	-	1,494,436	14.00%
2019	223,773	(223,773)	-	1,598,379	14.00%
2020	236,731	(236,731)	-	1,690,936	14.00%
2021	244,538	(244,538)	-	1,746,700	14.00%

Note: Information prior to 2013 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST FIVE MEASUREMENT PERIODS**

	Gas System's Proportion of the Net OPEB Liability/(Asset)	Gas System's Proportionate Share of the Net OPEB Liability/(Asset)	Gas System's Covered Payroll	Gas System's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.0105187%	\$ 1,062,426	\$ 1,292,917	82.17%	54.05%
2018	0.0112157%	1,217,946	1,391,669	87.52%	54.14%
2019	0.0114953%	1,498,716	1,494,436	100.29%	46.33%
2020	0.0120578%	1,665,497	1,598,379	104.20%	47.80%
2021	0.0124598%	(221,982)	1,690,936	(13.13%)	115.57%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST SIX YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 25,858	\$ (25,858)	\$ -	\$ 1,292,917	2.00%
2017	13,917	(13,917)	-	1,391,669	1.00%
2018	-	-	-	1,494,436	0.00%
2019	-	-	-	1,598,379	0.00%
2020	-	-	-	1,690,936	0.00%
2021	-	-	-	1,746,700	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST FIVE YEARS**

	Gas System's Proportion Total OPEB Liability	Gas System's Covered- Employee Payroll	Gas System's Proportionate Gas System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,391,669	19.92%
2018	265,451	1,494,436	17.76%
2019	300,592	1,598,379	18.81%
2020	326,308	1,690,936	19.30%
2021	336,373	1,746,700	19.26%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FOUR YEARS**

	2021	2020	2019	2018
Beginning Total OPEB Liability	\$ 326,308	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	4,488	3,676	2,937	3,100
Interest	6,348	8,028	9,762	9,412
Difference between expected and actual experience	7,812	4,383	6,383	3,947
Changes in assumptions	9,313	27,073	33,317	(11,462)
Benefit payments	(17,896)	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 336,373</u>	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2014-2021.

Changes in assumptions:

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2021.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF HAMILTON

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/23/2022

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Phone: 614-466-4514 or 800-282-0370

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