

**CITY OF SPRINGFIELD
CLARK COUNTY, OHIO**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Springfield
76 East High Street
Springfield, Ohio 45502

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

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

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

KEITH FABER
Ohio Auditor of State

A handwritten signature in cursive script that reads 'Tiffany L. Ridenbaugh'.

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

February 12, 2026

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INDEPENDENT AUDITORS' REPORT

City Commission
City of Springfield
76 East High Street
Springfield, Ohio 45502

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows 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 (GAAS) 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the required pension and OPEB schedules and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 on our consideration of the City'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 8, 2025

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

As management of the City of Springfield (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the additional information provided throughout the remainder of this report.

Financial Highlights

- The net position of the City (assets and deferred outflows of resources of the City, reduced by its liabilities and deferred inflows of resources) as of December 31, 2023 was \$169,832,886. Of this amount, a deficit of \$32,663,574 represents unrestricted net position. The deficit position is the result of the City's recognition of its proportionate share of the state-wide retirement systems' net pension and other postemployment benefit (OPEB) liabilities.
- The City's net position increased during the year by \$18,797,554.
- The City's total expenses were \$124,038,673, an increase of \$26,395,438.
- Program revenues of \$72,297,147 reduced the net cost of the City's functions to be financed from the City's general revenues to \$51,741,526.
- The City's primary fund, the General Fund, ended the year with a fund balance of \$13,335,206, an increase of \$2,545,589. The General Fund's unassigned balance of \$11,723,743 represents 21.8% of total expenditures, including transfers out, of the fund.
- The City's total outstanding debt balance of \$104.6 million decreased by \$0.2 million during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information, in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner like private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position indicate whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on how the City's net position changed during the most recent fiscal year. It provides consolidated reporting of the City's activities for the year ended December 31, 2023. Changes in net position are reported in the period that the underlying event takes place, which may differ from the period that cash is received or disbursed. The Statement of Activities displays expenses of the City's various programs net of related program revenues, as well as a separate presentation of revenues available for general purposes.

Both government-wide financial statements distinguish functions of the City as either principally supported by taxes and intergovernmental revenues (governmental activities) or intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public works, public safety, community development, health, recreation, and highway and street. The business-type activities of the City include five enterprise activities: a water system, a sewer system, a stormwater system, parking operations, and the City's airport.

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

The government-wide financial statements are found after this discussion and analysis section.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the City's funds can be divided into three categories: governmental, proprietary, and fiduciary funds.

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

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

The City maintains many individual governmental funds; four are considered major funds. The major funds are the General Fund, Fire Service Enhancement Fund, Permanent Improvement Fund and American Rescue Plan Fund. These funds are presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from all the other governmental funds are presented into a single, aggregated presentation.

Proprietary funds - The City maintains two types of proprietary funds, enterprise, and internal service funds. Enterprise funds report functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, stormwater, parking, and airport operations.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions including employee benefits, risk management, and fleet management. The services provided by these funds predominantly benefit governmental rather than business-type functions, therefore, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide separate information for the water, sewer, stormwater, parking, and airport operations. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

Notes to the basic financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. They are found in the Notes to the Basic Financial Statements section of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's proportionate share of the net pension and OPEB assets and liabilities and contributions to Ohio Public Employees Retirement System (OPERS) and Ohio Police and Fire Pension (OP&F). Also, to demonstrate the City's compliance with annual appropriations adopted for the General Fund, the American Rescue Plan Fund, and the Fire Service Enhancement Fund, budgetary comparison statements are provided as well as notes to the required supplementary information.

Government-wide Financial Analysis

City's Net Position as of December 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Assets:						
Current and other assets	\$ 106,828,226	\$ 122,474,403	\$ 33,388,504	\$ 34,329,069	\$ 140,216,730	\$ 156,803,472
Capital assets	95,256,180	80,262,884	173,890,779	160,409,758	269,146,959	240,672,642
Total assets	<u>202,084,406</u>	<u>202,737,287</u>	<u>207,279,283</u>	<u>194,738,827</u>	<u>409,363,689</u>	<u>397,476,114</u>
Deferred Outflows of Resources	38,137,991	22,832,185	5,637,361	1,896,060	43,775,352	24,728,245
Liabilities:						
Current and other liabilities	36,721,599	47,119,507	7,049,827	4,901,633	43,771,426	52,021,140
Long-term liabilities:						
Net pension and OPEB liabilities	97,665,762	60,956,290	11,052,875	2,974,578	108,718,637	63,930,868
Other long-term amounts	12,505,170	12,218,045	102,315,362	102,953,271	114,820,532	115,171,316
Total liabilities	<u>146,892,531</u>	<u>120,293,842</u>	<u>120,418,064</u>	<u>110,829,482</u>	<u>267,310,595</u>	<u>231,123,324</u>
Deferred Inflows of Resources	15,141,427	33,922,456	854,133	6,123,247	15,995,560	40,045,703
Net Position:						
Net investment in capital assets	91,693,050	77,359,758	73,446,728	60,231,765	165,139,778	137,591,523
Restricted	37,356,682	43,524,106	-	-	37,356,682	43,524,106
Unrestricted	(50,861,293)	(49,530,690)	18,197,719	19,450,393	(32,663,574)	(30,080,297)
Total net position	<u>\$ 78,188,439</u>	<u>\$ 71,353,174</u>	<u>\$ 91,644,447</u>	<u>\$ 79,682,158</u>	<u>\$ 169,832,886</u>	<u>\$ 151,035,332</u>

* - Restated

The net pension liability and the net OPEB liability are a couple of the largest liabilities reported by the City at December 31, and are reported pursuant to GASB Statement 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27, and GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, respectively. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach.

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

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 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 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 to equal the City's proportionate share of each plan's collective:

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, changes in benefits, contribution rates, and return on investments affect the balance of these assets and liabilities, but are outside the control of the local government. If 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 Statement No. 68 and GASB Statement No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Net position serves as a useful indicator of a government's financial position. The City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$169,832,886 at the close of the 2023 fiscal year as shown on the previous page.

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

The largest portion of the City's net position (\$165,139,778) reflects investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens, therefore, they are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The City's unrestricted net position ended the year with a deficit balance of \$32,663,574. This is primarily attributable to the City's recognition of its proportionate share of net pension and OPEB liabilities required by GASB Statement Nos. 68 and 75.

If the net pension and OPEB liabilities and related deferrals were excluded, the unrestricted net position reported by the City would be a positive \$43,411,127. As the operation of the state-wide pension systems are outside of the control of the City and varies significantly from year to year based on the performance of investments, it is important to acknowledge the effects of the net pension and net OPEB assets and liabilities have on the City's reported net position.

It is also important to note that the unrestricted net position of the City's business-type activities of \$18,197,719 may not be used to fund governmental activities.

The remaining balance of restricted net position (\$37,356,682) represents resources that are subject to restrictions as to how they may be used.

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

City's Change in Net Position for the years ended December 31, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenue:						
Program revenue:						
Charges for services	\$ 8,799,540	\$ 9,878,740	\$ 31,304,384	\$ 33,357,947	\$ 40,103,924	\$ 43,236,687
Operating grants and contributions	6,456,080	8,798,233	-	-	6,456,080	8,798,233
Capital grants and contributions	17,681,828	1,929,199	8,055,315	2,266,065	25,737,143	4,195,264
Total program revenue	<u>32,937,448</u>	<u>20,606,172</u>	<u>39,359,699</u>	<u>35,624,012</u>	<u>72,297,147</u>	<u>56,230,184</u>
General revenue:						
Income taxes	48,477,142	48,309,057	-	-	48,477,142	48,309,057
Property and other taxes	4,829,561	3,760,522	-	-	4,829,561	3,760,522
Service payments	605,171	-	-	-	605,171	-
Unrestricted grants and contributions	5,905,402	8,096,210	-	-	5,905,402	8,096,210
Investment earnings	4,079,551	(2,760,939)	1,217,105	(757,795)	5,296,656	(3,518,734)
Miscellaneous	4,171,287	2,094,818	1,253,861	243,865	5,425,148	2,338,683
Total general revenue	<u>68,068,114</u>	<u>59,499,668</u>	<u>2,470,966</u>	<u>(513,930)</u>	<u>70,539,080</u>	<u>58,985,738</u>
Total revenue	<u>101,005,562</u>	<u>80,105,840</u>	<u>41,830,665</u>	<u>35,110,082</u>	<u>142,836,227</u>	<u>115,215,922</u>
Expenses:						
General government	16,683,056	15,640,447	-	-	16,683,056	15,640,447
Public safety	43,348,000	35,069,579	-	-	43,348,000	35,069,579
Health	1,139,299	474,813	-	-	1,139,299	474,813
Recreation	1,449,471	1,214,587	-	-	1,449,471	1,214,587
Community development	8,828,175	3,831,688	-	-	8,828,175	3,831,688
Public works	4,349,683	1,416,257	-	-	4,349,683	1,416,257
Highway and street	14,539,475	11,502,456	-	-	14,539,475	11,502,456
Interest on long-term debt	180,693	114,648	-	-	180,693	114,648
Water	-	-	10,294,464	8,320,699	10,294,464	8,320,699
Sewer	-	-	18,746,575	15,893,918	18,746,575	15,893,918
Stormwater	-	-	1,937,950	1,838,360	1,937,950	1,838,360
Airport	-	-	2,155,644	1,893,471	2,155,644	1,893,471
Parking	-	-	386,188	432,312	386,188	432,312
Total expenses	<u>90,517,852</u>	<u>69,264,475</u>	<u>33,520,821</u>	<u>28,378,760</u>	<u>124,038,673</u>	<u>97,643,235</u>
Change in net position before transfers	10,487,710	10,841,365	8,309,844	6,731,322	18,797,554	17,572,687
Transfers	(3,652,445)	(5,359,801)	3,652,445	5,359,801	-	-
Change in net position	6,835,265	5,481,564	11,962,289	12,091,123	18,797,554	17,572,687
Net position - beginning	71,353,174	65,871,610	79,682,158	67,591,035	151,035,332	133,462,645
Net position - ending	<u>\$ 78,188,439</u>	<u>\$ 71,353,174</u>	<u>\$ 91,644,447</u>	<u>\$ 79,682,158</u>	<u>\$ 169,832,886</u>	<u>\$ 151,035,332</u>

Overall, net position of the City increased \$18.8 million in 2023. Net position for governmental activities increased \$6.8 million and net position for business-type activities increased \$12.0 million. The reasons for the changes in net position are discussed in the following sections for governmental activities and business-type activities.

The Statement of Activities reports the expenses of each of the governmental activities' programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a program exceeds its program revenue represents the extent to which that program must be subsidized by general revenues. The following table and graph summarize the net cost of each.

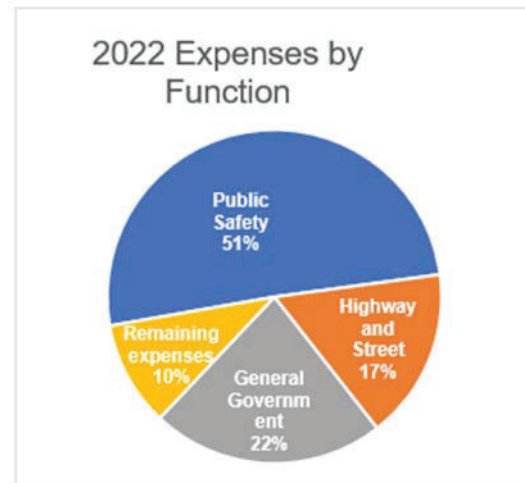
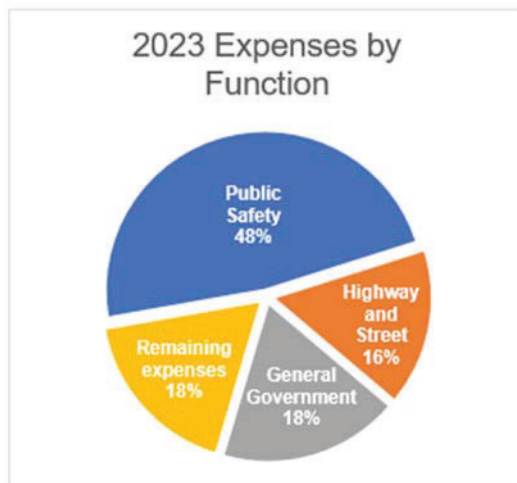
CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

A. Governmental Activities

The City's program revenue increased by \$12.3 million or 59.8%. The increase was driven by an increase in federal grants including the American Rescue Plan Act (ARPA).

	2023			2022		
	Total Cost of Services	Program Revenue	Net Cost (Surplus) of Services	Total Cost of Services	Program Revenue	Net Cost (Surplus) of Services
Governmental Activities:						
General government	\$ 16,683,056	\$ 10,673,479	\$ 6,009,577	\$ 15,640,447	\$ 4,051,175	\$ 11,589,272
Public safety	43,348,000	11,414,741	31,933,259	35,069,579	4,918,446	30,151,133
Health	1,139,299	1,055,953	83,346	474,813	397,590	77,223
Recreation	1,449,471	73,131	1,376,340	1,214,587	-	1,214,587
Community development	8,828,175	4,419,733	4,408,442	3,831,688	7,617,336	(3,785,648)
Public works	4,349,683	627,531	3,722,152	1,416,257	-	1,416,257
Highway and street	14,539,475	4,672,880	9,866,595	11,502,456	3,621,625	7,880,831
Interest on long-term debt	180,693	-	180,693	114,648	-	114,648
Total Governmental Activities	\$ 90,517,852	\$ 32,937,448	\$ 57,580,404	\$ 69,264,475	\$ 20,606,172	\$ 48,658,303

Total expenses increased by \$21.3 million, or 30.7%. Public safety, consisting mainly of police, fire, dispatching, and traffic control activities. As the largest function, it accounts for 47.9% of the governmental activities expenses. General government, which reports the expenses of various administrative and legislative departments, is the next largest function that accounts for 18.4% of the expenses reported for the governmental activities which is a decrease from 22% in 2022. These two significant functions, as well as virtually all other functions, reported an increase in expenses over the prior year due to the results of the state-wide retirement systems reported for the measurement year used by the City (2023) to calculate its proportionate share of pension and OPEB amounts. The operation of the state-wide retirement systems is outside the control of City management and results can vary significantly from year to year based on plan changes, actuarial assumption changes and performance of investments. The increase in pension and OPEB expense accounted for \$11.1 million of the total increase in expenses.



CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

B. Business-Type Activities

Net position for business-type activities increased by \$12.0 million during 2023, which is \$0.1 million less than the increase experienced during 2022. Total revenue increased by \$6.7 million. In addition to airport capital contributions, water and sewer rates increased 2% and the stormwater rate increased 11%. Total expenses increased by \$5.1 million, due to higher Water and Sewer personnel costs associated with the increase in OPERS Pension/OPEB expenses, as previously discussed, and increases in water maintenance and repair costs compared to the prior year.

It is the City's policy that revenues of the City's business-type activities are expected to cover all program costs. The following is a summary of expenses and program revenues for business-type activities:

	2023			2022		
	Total Cost of Services	Program Revenue	Net Cost (Surplus) of Services	Total Cost of Services	Program Revenue	Net Cost (Surplus) of Services
Business-Type Activities:						
Water	\$ 10,294,464	\$ 10,130,620	\$ 163,844	\$ 8,320,699	\$ 10,004,721	\$ (1,684,022)
Sewer	18,746,575	18,413,220	333,355	15,893,918	19,848,113	(3,954,195)
Stormwater	1,937,950	2,281,867	(343,917)	1,838,360	2,170,652	(332,292)
Airport	2,155,644	8,533,992	(6,378,348)	1,893,471	3,534,120	(1,640,649)
Parking	386,188	-	386,188	432,312	66,406	365,906
Total Business-Type Activities	\$ 33,520,821	\$ 39,359,699	\$ (5,838,878)	\$ 28,378,760	\$ 35,624,012	\$ (7,245,252)

The City's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. As such, fund balance is generally a good indicator of net resources available for spending at the end of the fiscal year, subject to any stated restrictions on its use.

At December 31, 2023, the City's governmental funds reported combined fund balances of \$46,397,420, a decrease of \$4,088,838 in comparison with the prior year. Approximately 18.3% of this amount (\$8,513,405) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either not spendable (\$770,940), restricted (\$32,919,512), committed (\$651,457), or assigned (\$3,542,106).

A. Major Governmental Funds

General Fund

The General Fund is the primary operating fund of the City, accounting for such activities as police and fire protection, emergency medical services, and engineering. The General Fund's balance increased by \$2,545,589 from the previous year.

Revenues increased by 13.7%, as the City experienced increased gains on its investment portfolio. Actual income tax collections during the year increased 1%. Expenditures decreased 23.6%, this is mainly attributed to an accounting change for Fire/EMS. All operating expenditures previously divided 90% and 10% between the General Fund and the Fire Service Enhancement Fund are now fully expensed in the Fire Service Enhancement Fund. This change explains the increase in transfers out required during 2023.

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

General Fund Budget Highlights

Budgeted General Fund revenues were consistent throughout the year. Expenditures plus transfers and advances out increased by \$7.2 million from the original budget to the final budget, while actual expenditures came in \$3.6 million under budget. The increase in the final budget occurred in transfers out to provide additional funding for other funds such as the Fire Service Enhancement Fund and advances out to advance grant funds as needed.

General government, community development and public safety actual expenditures were lower than budgeted due to open positions.

Permanent Improvement Fund

This fund is derived as a share of the City income tax, net of refunds. In 2004, voters approved to reduce the mandatory set aside of income tax for capital improvements from 20% to 10%. The City may choose to increase this share up to 20%. These funds are used for capital improvements and debt service. Expenditures are tied to available revenues.

During 2023, the Permanent Improvement Fund experienced an increase of \$3.1 million or 44.5% in capital outlay expenditures due to the Neighborhood Street Paving Program, the Sidewalk, Curb & Gutter Program, and the Eagle City Road Paving and Columbia Streetscape projects.

American Rescue Plan Fund

The American Rescue Plan Fund was established to account for revenues and expenditures relate the American Rescue Plan Act of 2021. The City used these funds in 2023 for arts, culture and tourism grants, sludge storage facility at the wastewater treatment plant, improvements to City Hall Plaza, investments in and the operation of programs to address homelessness and the construction of fire/ems stations.

Fire Service Enhancement Fund

The Fire Service Enhancement Fund was established for the collection of revenue for EMS billing. Beginning in 2023, the City moved all Fire/EMS division operating expenses from the General Fund to this fund. Expenses were previously split 90% General Fund and 10% Fire Service Enhancement Fund.

B. Major Enterprise Funds

Explanation of changes in the major enterprise funds of the City follow the same explanations as those provided in the analysis of the business-type activities, since enterprise funds are accounted for using full accrual accounting, the same accounting basis used in the government-wide statements.

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

Capital Assets and Debt Administration

A. Capital Asset Activity

The City's capital assets for its governmental and business-type activities as of December 31, 2023 amounts to \$269.1 million (net of accumulated depreciation) as compared to \$240.7 million in 2022. This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, streets and bridges, and water and sewer distribution systems. Total capital assets increased 13.9% in the current fiscal year. Additional information on the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 6.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
	<i>(in thousands)</i>					
Land	\$ 13,156	\$ 12,540	\$ 7,230	\$ 7,230	\$ 20,386	\$ 19,770
Construction in progress	16,615	3,167	42,913	31,812	59,528	34,979
Buildings and building improvement	10,449	9,772	60,947	60,208	71,396	69,980
Machinery and equipment	12,620	12,209	6,033	5,348	18,653	17,557
Subscription assets	3,170	284	413	82	3,583	366
Infrastructure	39,246	42,291	56,355	55,730	95,601	98,021
	<u>\$ 95,256</u>	<u>\$ 80,263</u>	<u>\$ 173,891</u>	<u>\$ 160,410</u>	<u>\$ 269,147</u>	<u>\$ 240,673</u>

* - Restated

Significant capital activity for the year includes:

- Water Treatment Plant Lime Slakers (\$658,000)
- Paving of Derr Rd. (\$2 million)
- Neighborhood Streets Paving Program (\$4.4 million)
- Mt. Joy Waterline Replacement (\$1.1 million)
- Water Service Replacements (\$1.1 million)

B. Debt

Ohio law restricts the amount of debt that a city may issue. The aggregate principal amount of unvoted "net indebtedness" may not exceed 5.5% of the assessed valuation for property tax purposes of all real property located within the City. Certain debt with a repayment source other than general tax revenues is excluded from the definition of net indebtedness.

Self-supporting debt such as mortgage revenue bonds, certain other utility-related debt, and revenue / tax anticipation notes are exempted from these limitation calculations, as are lease obligations and obligations to the Ohio Water Development Authority (OWDA).

As of December 31, 2023, the City's debt subject to the 5.5% limitations, less fund balances applicable to principle of the total outstanding unvoted debt, was zero.

An additional statutory limitation restricts total indebtedness - both voted and unvoted - to 10.5% of the real property assessed valuation. That limitation would restrict total City net indebtedness to \$90.8 million. The City currently has \$90.8 million available. The City currently levies no property tax to support any of its debt service, since all debt service is supported by income tax or user charges.

CITY OF SPRINGFIELD, OHIO
Management's Discussion and Analysis (unaudited)
For the Year Ended December 31, 2023

When issuing "bonded debt," general obligation, or mortgage revenue bonds, as opposed to "unbonded" OWDA or lease-type debt, bond issuers are typically expected to secure a rating from a bond-rating service such as Standard & Poor's, Moody's Investors Service, or Fitch Investors Service. The rating service conducts an in-depth study of all aspects of the issuer to determine its current and future ability to repay its debt on a timely basis. Issuers with relatively high bond ratings pay lower interest rates.

The City's most recent bond rating was conducted in early 2022. Moody's Investors Service upgraded the City's rating of A2 (upper medium grade) to A1. Previously, Moody's had downgraded many Ohio municipalities because of their implementation of GASB 68 and the effects on their financial statements.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
	<i>(in thousands)</i>					
General obligation bonds	\$ -	\$ 255	\$ 14,115	\$ 16,145	\$ 14,115	\$ 16,400
General obligation notes	-	-	8,565	7,025	8,565	7,025
OEPA/OWDA loans	-	-	59,737	58,946	59,737	58,946
OPWC loans	-	-	496	514	496	514
OWDA subordinated revenue bonds	-	-	17,125	17,825	17,125	17,825
Financed-purchase obligations	1,848	2,623	596	1,091	2,444	3,714
Subscription payable	1,715	284	364	82	2,079	366
	<u>\$ 3,563</u>	<u>\$ 3,162</u>	<u>\$ 100,998</u>	<u>\$ 101,628</u>	<u>\$ 104,561</u>	<u>\$ 104,790</u>

* - Restated

Additional detailed data for all debt of the City is presented in the Notes to the Basic Financial Statements in Note 10.

Economic Factors

The top ten employers within the City includes various sectors: governmental, healthcare, manufacturing, and education. This diversification helps provide a relatively stable local economy.

While Springfield experienced post-pandemic economic recovery, the local economy leveled off in 2023. Unemployment remained steady, with rates at 3.8% in 2022 and 3.9% in 2023. The City is managing the effects of slower-than-anticipated income tax growth in 2023 with a focus on long-term financial stability.

The voters of Springfield passed a temporary increase in the income tax rate of 0.4% which went into effect July 1, 2017 and continued for five and half years. In May 2021, the 0.4% income tax rate was renewed and will expire in December 2032.

Contacting the City's Management

Our financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with an overview of the City's finances. If you have questions or need additional financial information, please contact the Finance Director, City of Springfield, 76 East High Street, Springfield, Ohio 45502. Or you may visit the City's website at www.springfieldohio.gov.

**CITY OF SPRINGFIELD, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2023**

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Equity in pooled cash and investments	\$ 65,843,661	\$ 25,625,920	\$ 91,469,581
Receivables (net of allowances for uncollectibles)	18,719,289	5,407,516	24,126,805
Due from other governments	6,913,521	3,404,650	10,318,171
Internal balances	2,497,097	(2,497,097)	-
Inventory	647,102	1,447,515	2,094,617
Notes receivable (net of allowances for uncollectibles)	11,610,201	-	11,610,201
Assets held for resale	597,355	-	597,355
Land and construction in progress	29,771,435	50,142,740	79,914,175
Depreciable capital assets, net of accumulated depreciation	65,484,745	123,748,039	189,232,784
Total assets	<u>202,084,406</u>	<u>207,279,283</u>	<u>409,363,689</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charge on refunding	-	342,902	342,902
Pension	33,021,502	4,599,453	37,620,955
OPEB	5,116,489	695,006	5,811,495
Total deferred outflows of resources	<u>38,137,991</u>	<u>5,637,361</u>	<u>43,775,352</u>
LIABILITIES:			
Accounts payable	10,816,436	6,197,562	17,013,998
Accrued liabilities	2,144,918	826,998	2,971,916
Unearned revenue	23,760,245	25,267	23,785,512
Noncurrent liabilities:			
Due within one year	2,823,222	14,940,870	17,764,092
Due more than one year:			
Net pension liability	92,108,324	10,822,083	102,930,407
Net OPEB liability	5,557,438	230,792	5,788,230
Other amounts due more than one year	9,681,948	87,374,492	97,056,440
Total liabilities	<u>146,892,531</u>	<u>120,418,064</u>	<u>267,310,595</u>
DEFERRED INFLOWS OF RESOURCES:			
Property taxes levied for next year	3,892,672	-	3,892,672
Service payments	605,171	-	605,171
Pension	4,997,073	74,296	5,071,369
OPEB	5,638,769	78,376	5,717,145
Leases	7,742	701,461	709,203
Total deferred inflows of resources	<u>15,141,427</u>	<u>854,133</u>	<u>15,995,560</u>
NET POSITION:			
Net investment in capital assets	91,693,050	73,446,728	165,139,778
Restricted for:			
Housing rehabilitation grants	14,905,964	-	14,905,964
Capital projects	9,023,942	-	9,023,942
Public safety	3,675,152	-	3,675,152
Street maintenance	5,130,722	-	5,130,722
Community development	878,609	-	878,609
Municipal court	1,276,310	-	1,276,310
Debt service	586,000	-	586,000
Permanent endowment, spendable	624,189	-	624,189
Permanent endowment, nonspendable	386,953	-	386,953
Other purposes	868,841	-	868,841
Unrestricted (deficit)	(50,861,293)	18,197,719	(32,663,574)
Total net position	<u>\$ 78,188,439</u>	<u>\$ 91,644,447</u>	<u>\$ 169,832,886</u>

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUE			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICE	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Primary government:							
Governmental activities:							
General government	\$ 16,683,056	\$ 2,224,496	\$ 572,672	\$ 7,876,311	\$ (6,009,577)	\$ -	\$ (6,009,577)
Public safety	43,348,000	5,581,543	1,320,623	4,512,575	(31,933,259)	-	(31,933,259)
Health	1,139,299	71,674	984,279	-	(83,346)	-	(83,346)
Recreation	1,449,471	-	-	73,131	(1,376,340)	-	(1,376,340)
Community development	8,828,175	-	1,479,241	2,940,492	(4,408,442)	-	(4,408,442)
Public works	4,349,683	-	143,967	483,564	(3,722,152)	-	(3,722,152)
Highway and street	14,539,475	921,827	1,955,298	1,795,755	(9,866,595)	-	(9,866,595)
Interest on long-term debt	180,693	-	-	-	(180,693)	-	(180,693)
Total governmental activities	<u>90,517,852</u>	<u>8,799,540</u>	<u>6,456,080</u>	<u>17,681,828</u>	<u>(57,580,404)</u>	<u>-</u>	<u>(57,580,404)</u>
Business-type activities:							
Water	10,294,464	9,621,019	-	509,601	-	(163,844)	(163,844)
Sewer	18,746,575	18,377,074	-	36,146	-	(333,355)	(333,355)
Stormwater	1,937,950	2,281,867	-	-	-	343,917	343,917
Airport	2,155,644	1,024,424	-	7,509,568	-	6,378,348	6,378,348
Parking	386,188	-	-	-	-	(386,188)	(386,188)
Total business-type activities	<u>33,520,821</u>	<u>31,304,384</u>	<u>-</u>	<u>8,055,315</u>	<u>-</u>	<u>5,838,878</u>	<u>5,838,878</u>
Total primary government	<u>\$ 124,038,673</u>	<u>\$ 40,103,924</u>	<u>\$ 6,456,080</u>	<u>\$ 25,737,143</u>	<u>(57,580,404)</u>	<u>5,838,878</u>	<u>(51,741,526)</u>
General Revenues:							
Taxes:							
Income taxes					48,477,142	-	48,477,142
Property taxes levied					3,250,867	-	3,250,867
Service payments					605,171	-	605,171
Hotel / motel taxes					1,578,694	-	1,578,694
State-levied shared taxes not restricted to specific programs					5,332,341	-	5,332,341
Federal / state grants and contributions not restricted to specific program					573,061	-	573,061
Investment earnings					4,079,551	1,217,105	5,296,656
Miscellaneous					4,171,287	1,253,861	5,425,148
Transfers					(3,652,445)	3,652,445	-
Total general revenues and transfers					<u>64,415,669</u>	<u>6,123,411</u>	<u>70,539,080</u>
Changes in net position					6,835,265	11,962,289	18,797,554
Net position - beginning					<u>71,353,174</u>	<u>79,682,158</u>	<u>151,035,332</u>
Net position - ending					<u>\$ 78,188,439</u>	<u>\$ 91,644,447</u>	<u>\$ 169,832,886</u>

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	GENERAL FUND	FIRE SERVICE ENHANCEMENT	PERMANENT IMPROVEMENT	AMERICAN RESCUE PLAN	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
ASSETS:						
Equity in pooled cash and investments	\$ 11,300,526	\$ 2,232,245	\$ 4,023,597	\$ 26,046,532	\$ 19,809,201	\$ 63,412,101
Receivables (net of allowances for uncollectibles)	9,274,069	2,029,382	1,399,820	-	5,992,129	18,695,400
Due from other funds	1,594,159	12,717	158,309	1,350,000	805,904	3,921,089
Due from other governments	1,246,276	-	941	-	5,666,304	6,913,521
Inventory	2,555	-	-	-	381,432	383,987
Notes receivable (net of allowances for uncollectibles)	-	-	-	-	11,610,201	11,610,201
Assets held for resale	-	-	-	-	597,355	597,355
Total assets	\$ 23,417,585	\$ 4,274,344	\$ 5,582,667	\$ 27,396,532	\$ 44,862,526	\$ 105,533,654
LIABILITIES:						
Accounts payable	\$ 1,773,096	\$ 32,132	\$ 1,049,889	\$ 3,636,287	\$ 3,871,241	\$ 10,362,645
Accrued liabilities	1,584,874	289,349	-	-	214,788	2,089,011
Unearned income	-	-	-	23,760,245	-	23,760,245
Due to other funds	284,216	166,119	1,370,335	-	3,302,562	5,123,232
Total liabilities	3,642,186	487,600	2,420,224	27,396,532	7,388,591	41,335,133
DEFERRED INFLOWS OF RESOURCES:						
Property taxes and leases	1,787	-	-	-	3,898,627	3,900,414
Service payments	-	-	-	-	605,171	605,171
Unavailable revenue	6,438,406	1,549,660	1,043,085	-	4,264,365	13,295,516
Total deferred inflows of resources	6,440,193	1,549,660	1,043,085	-	8,768,163	17,801,101
FUND BALANCES:						
Nonspendable	2,555	-	-	-	768,385	770,940
Restricted	592,996	2,237,084	2,119,358	-	27,970,074	32,919,512
Committed	508,968	-	-	-	142,489	651,457
Assigned	506,944	-	-	-	3,035,162	3,542,106
Unassigned	11,723,743	-	-	-	(3,210,338)	8,513,405
Total fund balances	13,335,206	2,237,084	2,119,358	-	28,705,772	46,397,420
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 23,417,585	\$ 4,274,344	\$ 5,582,667	\$ 27,396,532	\$ 44,862,526	\$ 105,533,654

See accompanying notes to the basic financial statements.

**CITY OF SPRINGFIELD, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023**

Total governmental fund balances		\$ 46,397,420
<i>Amounts reported for governmental activities in the Statement of Net Position are different because.</i>		
Capital assets used in governmental activities are not financial resources and therefore are deferred in the funds.		92,297,269
Other long-term assets are not available to pay for current period expenditures and are therefore deferred in the funds:		
Intergovernmental receivables	\$ 4,550,202	
Income taxes	5,930,850	
Investment earnings	88,093	
Other receivables	2,726,371	
Total		13,295,516
Internal service funds are used to charge the cost of certain activities, such as city service facility, to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position.		7,579,715
Long-term liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Finance-purchase obligations	(1,847,716)	
Subscription payable	(1,715,414)	
Compensated absences	(8,136,395)	
Accrued interest on long-term debt	(13,833)	
Total		(11,713,358)
The net pension and OPEB liabilities are not due and payable in the current period, therefore, the liabilities and related deferred outflows and inflows of resources are not reported in the governmental funds:		
Deferred outflows - pension	32,635,957	
Deferred inflows - pension	(4,990,846)	
Net pension liability	(91,201,173)	
Deferred outflows - OPEB	5,058,230	
Deferred inflows - OPEB	(5,632,199)	
Net OPEB liability	(5,538,092)	
Total		(69,668,123)
Net position of governmental activities		\$ 78,188,439

See accompanying notes to the basic financial statements.

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

	GENERAL FUND	FIRE SERVICE ENHANCEMENT	PERMANENT IMPROVEMENT	AMERICAN RESCUE PLAN	NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
REVENUES:						
Income taxes	\$ 44,124,050	\$ -	\$ 4,902,672	\$ -	\$ -	\$ 49,026,722
Property taxes	-	-	-	-	3,264,611	3,264,611
Service Payments	-	-	-	-	605,171	605,171
Hotel / motel taxes	543,143	-	-	-	1,035,551	1,578,694
State-levied shared taxes	2,382,479	-	-	-	4,135,014	6,517,493
Intergovernmental	274,423	12,717	911,106	13,751,935	10,999,935	25,950,116
Charges for services	1,026,311	3,039,414	-	-	522,162	4,587,887
Fees, licenses and permits	787,882	-	-	-	57,314	845,196
Investment earnings	3,366,049	-	-	-	653,396	4,019,445
Fines and forfeitures	1,480,049	-	-	-	615,831	2,095,880
Special assessments	105,778	-	-	-	295,345	401,123
Miscellaneous	2,274,214	44,785	188,753	-	2,306,680	4,814,432
Total revenue	<u>56,364,378</u>	<u>3,096,916</u>	<u>6,002,531</u>	<u>13,751,935</u>	<u>24,491,010</u>	<u>103,706,770</u>
EXPENDITURES:						
Current:						
General government	16,369,760	-	-	-	5,217,664	21,587,424
Public safety	14,796,575	16,874,423	-	776,226	4,994,219	37,441,443
Health	70,550	-	-	-	1,068,749	1,139,299
Recreation	661,844	-	-	-	28,000	689,844
Community development	3,183,844	-	-	194,340	5,028,494	8,406,678
Public works	-	-	-	143,967	1,173,596	1,317,563
Highway and street	488,141	-	-	-	6,143,775	6,631,916
Capital outlay	28,532	581	10,193,204	12,637,402	7,147,195	30,006,914
Debt service:	-	-	-	-	-	-
Principal	138,732	-	775,070	-	941,815	1,855,617
Interest	4,541	-	66,099	-	115,523	186,163
Total expenditures	<u>35,742,519</u>	<u>16,875,004</u>	<u>11,034,373</u>	<u>13,751,935</u>	<u>31,859,030</u>	<u>109,262,861</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES						
	<u>20,621,859</u>	<u>(13,778,088)</u>	<u>(5,031,842)</u>	<u>-</u>	<u>(7,368,020)</u>	<u>(5,556,091)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from the sale of assets	-	9,000	64,576	-	-	73,576
Issuance of subscription payable	-	-	-	-	2,256,914	2,256,914
Transfers in	-	14,641,270	1,100,000	-	1,830,104	17,571,374
Transfers out	(18,076,270)	-	(63,237)	-	(295,104)	(18,434,611)
Total other financing sources (uses)	<u>(18,076,270)</u>	<u>14,650,270</u>	<u>1,101,339</u>	<u>-</u>	<u>3,791,914</u>	<u>1,467,253</u>
NET CHANGE IN FUND BALANCE	<u>2,545,589</u>	<u>872,182</u>	<u>(3,930,503)</u>	<u>-</u>	<u>(3,576,106)</u>	<u>(4,088,838)</u>
FUND BALANCE - BEGINNING	<u>10,789,617</u>	<u>1,364,902</u>	<u>6,049,861</u>	<u>-</u>	<u>32,281,878</u>	<u>50,486,258</u>
FUND BALANCE - ENDING	<u>\$ 13,335,206</u>	<u>\$ 2,237,084</u>	<u>\$ 2,119,358</u>	<u>\$ -</u>	<u>\$ 28,705,772</u>	<u>\$ 46,397,420</u>

See accompanying notes to the basic financial statements.

**CITY OF SPRINGFIELD, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Net change in fund balances - total governmental funds \$ (4,088,838)

Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. The capital activity is as follows:

Capital asset additions	\$ 24,128,410	
Depreciation expense	<u>(7,138,441)</u>	
Total		16,989,969

In the statement of activities, only the gain/loss on sale of capital assets is reported, whereas, only the proceeds from the sales are reported in the funds. (1,745,979)

Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Intergovernmental revenue	\$ 1,186,202	
Income taxes	(549,580)	
Investment earnings	33,292	
Other revenue	<u>(229,666)</u>	
Total		440,248

Repayment of bond, finance-purchase, subscriptions, note and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,855,617

Inception of subscription-based information technology agreements are recorded as other financing sources in the governmental funds, but are reported as increases to subscription liability on the statement of net position. (2,256,914)

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:

Vacation and sick leave benefits	\$ (415,884)	
Interest payable and bond discounts and prepaid insurance amortization	4,681	
Changes in the net pension liability recorded as pension expense	(5,356,788)	
Changes in the net OPEB liability/asset recorded as negative OPEB expense	<u>642,067</u>	
Total		(5,125,924)

Internal service funds are used by management to charge the costs of certain activities, such as city service facility operations to individual funds. The net revenue (expense) of the internal service funds are reported with the governmental activities. 767,086

Change in net position of governmental activities \$ 6,835,265

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, OHIO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL ACTIVITIES	
	WATER	SEWER	STORMWATER	AIRPORT	NONMAJOR ENTERPRISE	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
ASSETS:							
Current assets:							
Equity in pooled cash and investments	\$ 10,764,062	\$ 13,017,977	\$ 546,175	\$ 1,193,012	\$ 104,694	\$ 25,625,920	\$ 2,431,560
Receivables (net of allowances for uncollectibles)	1,441,737	2,795,857	524,147	623,315	22,460	5,407,516	23,889
Due from other funds	1,282,558	348,125	-	9,395	-	1,640,078	658,194
Due from other governments	-	-	-	3,404,650	-	3,404,650	-
Inventory	1,064,680	357,821	-	25,014	-	1,447,515	263,115
Total current assets	<u>14,553,037</u>	<u>16,519,780</u>	<u>1,070,322</u>	<u>5,255,386</u>	<u>127,154</u>	<u>37,525,679</u>	<u>3,376,758</u>
Noncurrent assets:							
Capital assets:							
Land and construction in progress	19,864,500	13,596,984	211,387	16,469,869	-	50,142,740	352,110
Depreciable capital assets, net of accumulated depreciation	18,239,568	84,781,655	12,399,584	2,625,564	5,701,668	123,748,039	2,606,801
Total capital assets	<u>38,104,068</u>	<u>98,378,639</u>	<u>12,610,971</u>	<u>19,095,433</u>	<u>5,701,668</u>	<u>173,890,779</u>	<u>2,958,911</u>
Total noncurrent assets	<u>38,104,068</u>	<u>98,378,639</u>	<u>12,610,971</u>	<u>19,095,433</u>	<u>5,701,668</u>	<u>173,890,779</u>	<u>2,958,911</u>
Total assets	<u>52,657,105</u>	<u>114,898,419</u>	<u>13,681,293</u>	<u>24,350,819</u>	<u>5,828,822</u>	<u>211,416,458</u>	<u>6,335,669</u>
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred charge on refunding	118,257	224,645	-	-	-	342,902	-
Pension	1,883,720	2,393,952	52,877	268,904	-	4,599,453	385,545
OPEB	284,642	361,741	7,990	40,633	-	695,006	58,259
Total deferred outflows of resources	<u>2,286,619</u>	<u>2,980,338</u>	<u>60,867</u>	<u>309,537</u>	<u>-</u>	<u>5,637,361</u>	<u>443,804</u>
LIABILITIES:							
Current liabilities:							
Accounts payable	1,570,568	1,609,274	137,011	2,864,076	16,633	6,197,562	453,791
Salaries and benefits payable	204,100	262,455	5,757	24,963	-	497,275	42,074
Accrued liabilities	5,791	285	-	-	-	6,076	-
Due to other funds	196,765	194,615	1,025	695,591	-	1,087,996	8,133
Unearned revenue	-	-	-	25,267	-	25,267	-
Subscription payable	179,822	20,403	-	-	-	200,225	-
Accrued interest payable	62,889	260,758	-	-	-	323,647	-
Bonds, notes and loans payable-current	2,543,644	10,779,898	908,799	-	-	14,232,341	-
Lease-purchase obligations-current	90,190	257,088	-	-	-	347,278	-
Compensated absences-current	62,042	91,401	3,426	4,157	-	161,026	39,768
Insurance claims payable-current	-	-	-	-	-	-	533,279
Total current liabilities	<u>4,915,811</u>	<u>13,476,177</u>	<u>1,056,018</u>	<u>3,614,054</u>	<u>16,633</u>	<u>23,078,693</u>	<u>1,077,045</u>
Noncurrent liabilities:							
Bonds, notes and loans payable	20,324,954	55,220,669	10,474,710	-	-	86,020,333	-
Lease-purchase obligations	91,143	157,529	-	-	-	248,672	-
Compensated absences	362,880	534,601	20,038	24,315	-	941,834	232,598
Subscription payable	163,653	-	-	-	-	163,653	-
Net pension liability	4,432,216	5,632,746	124,414	632,707	-	10,822,083	907,151
Net OPEB liability	94,522	120,124	2,653	13,493	-	230,792	19,346
Total noncurrent liabilities	<u>25,469,368</u>	<u>61,665,669</u>	<u>10,621,815</u>	<u>670,515</u>	<u>-</u>	<u>98,427,367</u>	<u>1,159,095</u>
Total liabilities	<u>30,385,179</u>	<u>75,141,846</u>	<u>11,677,833</u>	<u>4,284,569</u>	<u>16,633</u>	<u>121,506,060</u>	<u>2,236,140</u>
DEFERRED INFLOWS OF RESOURCES:							
Pension	30,428	38,670	854	4,344	-	74,296	6,227
OPEB	32,099	40,794	901	4,582	-	78,376	6,570
Leases	119,265	-	-	562,755	19,441	701,461	-
Total deferred inflows of resources	<u>181,792</u>	<u>79,464</u>	<u>1,755</u>	<u>571,681</u>	<u>19,441</u>	<u>854,133</u>	<u>12,797</u>
NET POSITION:							
Net investment in capital assets	15,077,177	32,344,988	1,227,462	19,095,433	5,701,668	73,446,728	2,958,911
Unrestricted	9,299,576	10,312,459	835,110	708,673	91,080	21,246,898	1,571,625
Total net position	<u>\$ 24,376,753</u>	<u>\$ 42,657,447</u>	<u>\$ 2,062,572</u>	<u>\$ 19,804,106</u>	<u>\$ 5,792,748</u>	<u>94,693,626</u>	<u>\$ 4,530,536</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(3,049,179)	
Net position of business-type activities						<u>\$ 91,644,447</u>	

See accompanying notes to the basic financial statements.

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

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL ACTIVITIES	
	WATER	SEWER	STORMWATER	AIRPORT	NONMAJOR ENTERPRISE	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
OPERATING REVENUES:							
Charges for services	\$ 9,621,019	\$ 18,377,074	\$ 2,281,867	\$ 1,024,424	\$ -	\$ 31,304,384	\$ 12,807,653
Other	91,375	280,494	43,200	346,096	36,397	797,562	92,227
Total operating revenues	<u>9,712,394</u>	<u>18,657,568</u>	<u>2,325,067</u>	<u>1,370,520</u>	<u>36,397</u>	<u>32,101,946</u>	<u>12,899,880</u>
OPERATING EXPENSES:							
Personal services	3,308,464	5,660,956	157,122	607,580	-	9,734,122	695,478
Contractual services	1,933,732	3,548,084	699,221	537,815	124,120	6,842,972	1,020,528
Materials and supplies	3,011,468	1,719,496	62,114	709,738	8,228	5,511,044	2,215,227
Claims expense	-	-	-	-	-	-	8,445,369
Depreciation	1,529,478	5,932,012	688,590	276,869	230,198	8,657,147	250,694
Total operating expenses	<u>9,783,142</u>	<u>16,860,548</u>	<u>1,607,047</u>	<u>2,132,002</u>	<u>362,546</u>	<u>30,745,285</u>	<u>12,627,296</u>
OPERATING INCOME (LOSS)	(70,748)	1,797,020	718,020	(761,482)	(326,149)	1,356,661	272,584
NONOPERATING REVENUES (EXPENSES):							
Investment earnings	544,681	645,381	15,285	8,210	3,548	1,217,105	26,292
Miscellaneous revenues	24,434	-	-	428,690	-	453,124	-
Gain (loss) on sale or disposal of capital assets	-	(176,807)	-	3,175	-	(173,632)	-
Interest expense	(487,728)	(1,685,530)	(307,261)	-	-	(2,480,519)	-
Total nonoperating revenues (expenses)	<u>81,387</u>	<u>(1,216,956)</u>	<u>(291,976)</u>	<u>440,075</u>	<u>3,548</u>	<u>(983,922)</u>	<u>26,292</u>
INCOME/(LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	10,639	580,064	426,044	(321,407)	(322,601)	372,739	298,876
Transfers in	-	-	-	463,237	50,000	513,237	350,000
Capital contributions	822,846	428,470	-	9,943,207	-	11,194,523	-
	822,846	428,470	-	10,406,444	50,000	11,707,760	350,000
CHANGE IN NET POSITION	833,485	1,008,534	426,044	10,085,037	(272,601)	12,080,499	648,876
NET POSITION - BEGINNING	<u>23,543,268</u>	<u>41,648,913</u>	<u>1,636,528</u>	<u>9,719,069</u>	<u>6,065,349</u>		<u>3,881,660</u>
NET POSITION - ENDING	\$ <u>24,376,753</u>	\$ <u>42,657,447</u>	\$ <u>2,062,572</u>	\$ <u>19,804,106</u>	\$ <u>5,792,748</u>		\$ <u>4,530,536</u>
						Adjustment for the net effect of the current year activity between internal service funds and the enterprise funds	(118,210)
						Changes in net position of business-type activities	\$ <u>11,962,289</u>

See accompanying notes to the basic financial statements.

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

	BUSINESS-TYPE ACTIVITIES					GOVERNMENTAL ACTIVITIES	
	WATER	SEWER	STORMWATER	AIRPORT	NONMAJOR ENTERPRISE	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Cash flows from operating activities:							
Receipts from customers and users	\$ 9,950,762	\$ 19,358,459	\$ 2,325,433	\$ 741,990	\$ 189,422	\$ 32,566,066	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	13,356,081
Payments to suppliers	(4,896,604)	(6,019,377)	(698,687)	(1,928,719)	(202,585)	(13,745,972)	(3,608,761)
Payments to employees	(3,365,053)	(5,291,076)	(153,666)	(631,978)	-	(9,441,773)	(8,561,841)
Payments for claims	-	-	-	-	-	-	(1,200,459)
Net cash flows from operating activities	<u>1,689,105</u>	<u>8,048,006</u>	<u>1,473,080</u>	<u>(1,818,707)</u>	<u>(13,163)</u>	<u>9,378,321</u>	<u>(14,980)</u>
Cash flows from noncapital financing activities:							
Interfund transfers	-	-	-	463,237	50,000	513,237	350,000
Net cash flows from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,237</u>	<u>50,000</u>	<u>513,237</u>	<u>350,000</u>
Cash flows from capital and related financing activities:							
Proceeds from general obligation notes and bonds	1,541,000	7,024,000	-	-	-	8,565,000	-
Subsidy from federal and state grants	-	-	-	6,378,356	-	6,378,356	-
Proceeds from WPCLF/OWDA and OPWC loans	2,291,877	1,985,511	-	-	-	4,277,388	-
Proceeds from sale of capital assets	-	-	-	3,175	-	3,175	-
Manuscript debt issued	103,500	43,000	-	-	-	146,500	-
Principal paid on SBITAs	(188,403)	(20,403)	-	-	-	(208,806)	-
Acquisition and construction of capital assets	(3,910,245)	(5,924,807)	(53,676)	(4,974,911)	(15,726)	(14,879,365)	-
Payment on manuscript debt	(207,000)	(86,000)	-	-	-	(293,000)	-
Principal paid on capital debt	(1,906,997)	(10,962,233)	(886,059)	-	-	(13,755,289)	-
Interest paid on capital debt	(435,291)	(1,538,780)	(307,261)	-	-	(2,281,332)	-
Net cash flows from capital and related financing activities	<u>(2,711,559)</u>	<u>(9,479,712)</u>	<u>(1,246,996)</u>	<u>1,406,620</u>	<u>(15,726)</u>	<u>(12,047,373)</u>	<u>-</u>
Cash flows from investing activities:							
Interest and dividends received	544,681	645,381	15,285	8,210	3,548	1,217,105	26,292
Net cash flow from investing activities	<u>544,681</u>	<u>645,381</u>	<u>15,285</u>	<u>8,210</u>	<u>3,548</u>	<u>1,217,105</u>	<u>26,292</u>
Change in cash and cash equivalents	(477,773)	(786,325)	241,369	59,360	24,659	(938,710)	361,312
Cash and cash equivalents, beginning of year	11,241,835	13,804,302	304,806	1,133,652	80,035	26,564,630	2,070,248
Cash and cash equivalents, end of year	<u>\$ 10,764,062</u>	<u>\$ 13,017,977</u>	<u>\$ 546,175</u>	<u>\$ 1,193,012</u>	<u>\$ 104,694</u>	<u>\$ 25,625,920</u>	<u>\$ 2,431,560</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:							
Operating income (loss)	\$ (70,748)	\$ 1,797,020	\$ 718,020	\$ (761,482)	\$ (326,149)	\$ 1,356,661	\$ 272,584
Adjustments to reconcile operating income (loss) from operating activities:							
Depreciation	1,529,478	5,932,012	688,590	276,869	230,198	8,657,147	250,694
Rental income	24,434	-	-	428,690	-	453,124	-
Change in assets, liabilities, and deferred outflows/inflows of resources:							
Accounts receivable	413,190	783,126	(18,679)	168,340	175,314	1,521,291	16,738
Due from other funds	(108,205)	23,067	20,000	(8,041)	-	(73,179)	447,127
Inventory	(85,617)	(10,686)	-	(2,333)	-	(98,636)	(6,886)
Deferred outflows-pension & OPEB	(1,535,413)	(2,020,435)	(43,244)	(237,578)	-	(3,836,670)	(293,033)
Accounts payable	128,422	(741,396)	62,648	(678,833)	(70,237)	(1,299,396)	(366,120)
Accrued liabilities	5,791	285	-	(100,000)	-	(93,924)	-
Insurance claims payable	-	-	-	-	-	-	(504,118)
Salary and benefits payable	2,232	28,005	134	3,130	-	33,501	(6,686)
Due to other funds	(31,417)	(105,302)	(955)	(1,072,524)	-	(1,210,198)	(7,664)
Unearned revenue	-	-	-	23,057	-	23,057	-
Compensated absences	(59,579)	76,573	2,749	2,028	-	21,771	(29,645)
Net OPEB assets	483,937	562,160	13,474	55,018	-	1,114,589	115,277
Net pension liability	3,235,224	4,252,596	91,108	499,369	-	8,078,297	618,851
Deferred inflows-pension & OPEB	(2,182,990)	(2,529,019)	(60,765)	(246,365)	-	(5,019,139)	(522,099)
Deferred inflows-leases	(59,634)	-	-	(168,052)	(22,289)	(249,975)	-
Net cash flows from operating activities	<u>\$ 1,689,105</u>	<u>\$ 8,048,006</u>	<u>\$ 1,473,080</u>	<u>\$ (1,818,707)</u>	<u>\$ (13,163)</u>	<u>\$ 9,378,321</u>	<u>\$ (14,980)</u>
Schedule of noncash capital and financing activities:							
Capital assets financed by accounts payable	\$ 1,183,476	\$ 1,414,057	\$ -	\$ 2,717,646	\$ -	\$ 5,315,179	\$ -
Capital assets acquired with financing or transferred from governmental funds	\$ 882,846	\$ 428,470	\$ -	\$ 2,341,129	\$ -	\$ 3,652,445	\$ -
Capital assets acquired through subscription based information technology arrangements	\$ 491,072	\$ -	\$ -	\$ -	\$ -	\$ 491,072	\$ -

See accompanying notes to the basic financial statements.

**CITY OF SPRINGFIELD, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023**

	CUSTODIAL FUNDS
ASSETS:	
Equity in pooled cash and investments	\$ 1,289,098
Cash in segregated account	477,182
Receivables (net of allowances for uncollectibles)	1,355,380
Due from other governments	<u>40,983</u>
Total assets	<u>3,162,643</u>
LIABILITIES:	
Accounts payable	292,497
Accrued liabilities	380,162
Restricted deposits	<u>1,187,236</u>
Total liabilities	<u>1,859,895</u>
NET POSITION:	
Restricted for other governments and organizations	<u>\$ 1,302,748</u>

See accompanying notes to the basic financial statements.

**CITY OF SPRINGFIELD, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	CUSTODIAL FUNDS
ADDITIONS:	
Income taxes	\$ 401,999
Property taxes	372,887
Intergovernmental	2,351,871
Charges for services	373,155
Fees, licenses and permits	50,025
Investment earnings	48,760
Fines and forfeitures	3,011,837
Miscellaneous	348,757
Total additions	<u>6,959,291</u>
 DEDUCTIONS:	
Distributions to others	<u>6,883,452</u>
 CHANGE IN FIDUCIARY NET POSITION	 75,839
 NET POSITION - BEGINNING	 <u>1,226,909</u>
 NET POSITION - ENDING	 <u>\$ 1,302,748</u>

See accompanying notes to the basic financial statements.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles (GAAP) in the United States of America, as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies are described below:

A. Reporting Entity

The City of Springfield (the City) is a home-rule municipal corporation under the laws of the state of Ohio and operates under a commission manager form of government. The City was organized in 1850 and provides various services including police and fire protection, parks, recreation, street maintenance, planning, zoning, development, water, sewer, airport, stormwater, parking, and other general governmental services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

The City has a fiduciary relationship with National Trail Parks and Recreation District (NTPRD) which is reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The City participates with Green Township (Township) in a Joint Economic Development District (JEDD) which is a jointly-governed organization. The JEDD contains a corporate park known as Airpark Ohio, which is owned by the City but located in the Township. The JEDD levies a 1% income tax. In 2023, the City received \$273,690 in net income tax proceeds for the purposes of capital developments and economic development activities within the JEDD. The City is the fiscal agent for the JEDD and reports their activity as a custodial fund.

B. Government-wide and Fund Financial Statements

The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities report information on all the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. The major sources of revenue include income tax, state-levied shared taxes, charges for services, fees, licenses, permits, investment earnings, fines and forfeitures, and other miscellaneous revenue.

Permanent Improvement Fund – This fund is used for capital improvement, including debt service. The fund, by amendment to the City Charter, receives 10% of all income tax receipts, net of refunds. The City may choose to increase this share up to 20%.

American Rescue Plan Fund – This fund is used to account for revenue and expenditures related to the American Rescue Plan Act of 2021. These funds are in response to the economic fallout of the COVID-19 pandemic in the United State and will provide needed relief to support the public health response and lay the foundation for a strong and equitable economic recovery.

Fire Service Enhancement Fund – The Fire Service Enhancement Fund accounts for receipts and disbursements of Emergency Medical Services (EMS) fees and other fire/EMS-related fees. Effective in 2023, the City transitioned all operating revenues and expenditures for fire and EMS services—previously 90% of the total expenditures were recorded in the General Fund—into this dedicated fund. This realignment provides enhanced financial transparency and allows the City to more accurately track both the costs of providing fire and EMS services and the revenues collected to fund those services.

Proprietary Funds are used to account for the City's ongoing activities that are like those found in the private sector, where the intent of the City is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. Proprietary funds are either classified as enterprise or internal service. The City's major enterprise funds are:

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

Water Fund – This fund receives all receipts generated from water system customers, charges/fees associated with the water system and interest earned on the investment of interim water monies. The fund provides for all water system-related operations, maintenance, capital needs and debt service requirements.

Sewer Fund – This fund receives all receipts generated from sewer system customers, charges/fees associated with the sewer system and interest earned on the investment of interim sewer monies. The fund provides for all sewer system-related operations, maintenance, capital needs and debt service requirements.

Stormwater Fund – This fund receives all receipts generated from stormwater system customers, charges/fees associated with the stormwater system and interest earned on the investment of interim stormwater monies. The fund provides for all stormwater system-related operations, maintenance, capital needs and debt service requirements.

Airport Fund – The Airport Fund supports the operation, maintenance, and development of the Springfield Beckley Municipal Airport, the adjacent Airpark, and the National Advanced Air Mobility Center of Excellence. As the fixed base operator, the City manages daily airport operations including fueling, hangar rentals, and ground support. In addition, the fund covers Airpark activities and the activities of the Center of Excellence, which fosters innovation and research in aviation technology. By consolidating all airport-related revenues and expenditures, the Airport Fund provides transparent financial oversight and strategic planning for the City's aviation initiatives.

Internal Service Funds are used for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service funds include the Central Stores/Fleet Maintenance, the centralized City Service Center, Workers' Compensation Retrospective, Accrued Benefits Liability and Health Care Insurance funds

Fiduciary Funds are used to account for assets held in a trustee or fiscal agent capacity for others and therefore cannot be used to support the City's own programs. The City's only fiduciary funds are custodial funds. The City's custodial funds include: Municipal Court monies for restitutions, property taxes and other revenues received and remitted to the Conservancy District in a fiscal agent capacity, collection of a 3% Ohio Board of Building Standards state fee associated with all permits remitted to the state, income taxes collected within the Springfield-Beckley Municipal Airport Joint Economic Development District (JEDD) monies, interest earnings for the Springfield Port Authority, and various revenues received and remitted to the National Trail Parks and Recreation District (NTPRD) in a fiscal agent capacity.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, service payments, income taxes, state-levied shared taxes, grants and similar items (when all eligibility requirements imposed by the provider are met), charges for services, franchise taxes, fines and forfeits, and interest, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues, in government-wide financial statements, include 1) charges to customers or applicants for goods, services, or privileges provided including special assessments, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the government's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Pooled Cash, Cash Equivalents and Investments

The City pools its cash as allowed by law for investment and resource management purposes and maintains a cash pool for all funds except Snyder Endowment. Interest earnings from pooled cash and investments are allocated to the General Fund, except for funds derived from contract, trust agreement, or City ordinance which require crediting otherwise. For purposes of the statement of cash flows and for presentation on the financial statements, the City's cash management pool and all investments are considered to be cash and cash equivalents. Investments not part of the cash management pool, with an initial maturity of more than three months, are reported as investments. All investments are recorded at fair value in accordance with generally accepted accounting principles.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

During 2023, the City also utilized a public fund business interest checking account. This account is an interest-bearing demand deposit account and is collateralized in accordance with the City's legislated Investment and Deposit Policy and Ohio Revised Code Chapter 135 (ORC).

E. Leases Receivable

As a lessor, the City recognizes a lease receivable based on the net present value of future lease payments to be received for the lease term and a deferred inflow of resources based on net present value calculated using the rate explicit in the contract, the rate implied in the contract, or the City's incremental borrowing rate plus the net impact of any payments to be received at or before commencement of the lease term that relate to future periods, as well as lease incentives payable to the lessee. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease.

For short-term lease contracts—defined as having a maximum possible term of 12 months or less—City recognizes revenue based on the payment provisions of the lease contract.

F. Inventory

Inventory is valued at cost using the first-in, first-out method for all funds. The proprietary fund inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies that are recorded as an expenditure when consumed rather than purchased.

G. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Proprietary fund capital assets are also reported in the respective proprietary funds. Also included in capital assets are infrastructure assets (e.g. streets, bridges, sidewalks, curbs, and gutters, traffic signals, water lines, drainage systems, and similar items) constructed or acquired.

All capital assets acquired are stated at cost (or estimated historical cost). Donated capital assets are valued at their acquisition value at the time received. Capital assets are reported with an estimated useful life of five years or more from the time of acquisition by the City and a threshold amount of \$10,000. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Descriptions</u>	<u>Estimated Useful Life (Years)</u>
Buildings and Improvements	25 to 50
Machinery and Equipment	5 to 20
Infrastructure	15 to 40

When capital assets are disposed of, the cost and related accumulated depreciation, if applicable, are removed from the records.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

H. Debt Issuance Costs, Premiums, Discounts and Deferred Amounts on Refundings

The premiums, discounts, prepaid bond insurance, and deferred amounts on refundings on the long-term debt are amortized using the straight-line method over the term of the related issues which does not materially differ from the interest method. All other debt issuance costs are expensed when incurred.

I. Vacation and Sick Leave

City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

Vested vacation and sick leave is recorded in the government-wide statements for the period in which such leave was earned. For governmental fund type employees, an expenditure is recorded in the governmental funds' statements for only the portion of vested vacation and sick leave that has matured during the year through resignation or retirement.

Payment of vacation and sick leave recorded in the government-wide statements is dependent upon many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available when payment is due.

J. Pensions and Other Postemployment Benefits Other Than Pensions (OPEB)

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

K. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary funds' statements of net position for deferred charge on refunding, pensions and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are explained in Notes 8 and 9, respectively.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include property taxes, service payments, unavailable revenue, leases, pensions and OPEB.

Receivables from property taxes and service payments represent amounts that were levied and measurable as of December 31, 2023, but are intended to finance 2024 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represent receivables that will not be collected within the available period (60 days after year-end). The deferred inflows of resources related to leases are addressed in Note 5. The deferred inflows of resources related to pensions and OPEB are explained in Notes 8 and 9, respectively.

L. Fund Balance

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 purposes for which amounts in the fund can be spent" in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54).

The components for reporting the City's fund balance are non-spendable, restricted, committed, assigned and unassigned. Non-spendable fund balance, comprised of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This includes items that are not expected to be converted to cash. Restricted fund balance includes those amounts that are restricted by parties outside of the City and pursuant to enabling legislation. Committed fund balance describes the portion of fund balance that has been limited by use by approval of the City Commission. The City Commission is the City's highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Commission action through passage of an ordinance. Assigned fund balance amounts are established by an internal expression of intent by a City Official or the City Commission. The City Charter authorizes the Finance Director to assign fund balance. Unassigned fund balance represents the residual net resources within the General Fund that is not restricted, committed, or assigned. In governmental funds other than the General Fund, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which have been restricted, committed, or assigned for said purposes.

The City considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The City does not have a formal policy for its use of unrestricted fund balance amounts; therefore, it considers committed amounts used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

In the government-wide statement of net position \$176,544 of the City's \$37,356,682 in governmental activities restricted net position were restricted by enabling legislation, as defined by GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*.

Net position restricted for other purposes includes resources restricted by grantor or other governmental agencies.

Net position's net investment in capital assets includes the following components: capital assets net of accumulated depreciation, less outstanding principal of debt related to capital assets (which includes premiums and discounts), plus unspent proceeds. See Note 10 for additional details.

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

N. Grants and Other Intergovernmental Revenues

The proprietary fund types recognize the reimbursement type capital grants as due from other governments and capital contributions as the related expenses are incurred. All other reimbursement-type grants are recorded as due from other governments (offset by revenues if available or unavailable revenue if not available) when the related expenditures are incurred.

O. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Any resulting receivables and payables are classified as "due from other funds" and "due to other funds" respectively, on the governmental balance sheet.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water, sewer, and stormwater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

P. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the retirement plans' fiduciary net position is not sufficient for payment of those benefits. Bonds, lease-purchase obligations, subscription-based information technology agreements, and long-term loans are recognized as a liability on the fund financial statements when due.

Q. Estimates

The preparation of the financial statements in conformity with GAAP 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.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2—POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

As provided for in the City of Springfield's Investment and Deposit Policy, the City maintains a cash and investment pool for all funds, except the Snyder Park Endowment. Interest, for applicable funds, is distributed monthly based on an allocated percentage. Investments made by the City's Treasury Investment Board are invested directly from the General Fund and the Economic Development Incentive fund and any interest earnings are subsequently applied to those funds.

The Snyder Park Endowment is a permanent fund invested by the City in accordance with the endowment trust that created the fund and with fiduciary law set forth in Section 2109 of the ORC separately from all other City investments. The Snyder Park Endowment's investments are disclosed separately herein since they have risk exposures that are significantly greater than the deposit and investment risks of the investment pool for other City funds.

The City has a segregated bank account for Municipal Court deposits that are held separate from the City's central bank account. The depository account is presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited in the City treasury.

Deposits

The ORC Chapter 135 sets forth deposit and investment requirements for municipalities. The City has legislated its own comprehensive investment and deposit policy and is therefore exempt from deposit and investment requirements set forth in ORC Chapter 135. However, the City's policy does defer to ORC section 135.181 for collateralization of City deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. At year-end, the carrying value of the City's deposits was \$5,364,135. The bank balance was \$6,289,233, of this amount, \$2,743,000 was insured, \$125,000 was collateralized by an irrevocable, unconditional and non-transferable Letter of Credit issued by New Carlisle Federal in the name of the City, and the remaining \$3,421,233 was collateralized with securities held by the pledging financial institutions' trust departments or the Ohio Pooled Collateral System, but not in the City's name.

The Snyder Park Endowment is exempt from the City's Investment and Deposit Policy.

Investment Policy

All investments are reported at fair value, which is based on prices quoted in active markets.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2—POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS - *continued*

During 2023, the City's legislated investment policy authorized investments in the following securities and diversification limits:

Authorized Investment	Maximum allowable percentage of City investment portfolio
U.S. Treasury Bills, Notes and Bonds	100%
Obligations of U.S. Government agencies and instruments, U.S. Government-sponsored corporations (Federal Farm Credit System, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, Government National Mortgage Association)	100%
Bankers acceptances issued by Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or bank holding companies having assets of at least \$2 billion, and whose rating by IDC (an industry-recognized rating service using CAMEL-rating criteria) on the date of settlement is "Excellent" or "Superior."	20% (no more than 3% per obligor)
Negotiable interest-bearing time CD's (negotiable CD's) issued by U.S.-based commercial or savings banks with total assets of at least \$100 million, that are members of FDIC, supervised by the Office of the Comptroller of the Currency or the Federal Reserve or FDIC, having at least an "average" rating within its peer group by an industry-recognized bank rating service utilizing measures of capital risk, asset quality, margin, earning, and leverage (CAMEL)	10% (limited to the FDIC insurance limit. At 12/31/23, \$250,000 per issuer)
Non-negotiable interest-bearing time CD's (non-negotiable CD's) and savings accounts of commercial banks organized under Ohio law or national banks that operate a full-service branch within the City limits	100% (no more than 40% per issuer)
Negotiable Order of Withdrawal (NOW) accounts and savings accounts or any other similar account authorized by the Federal Reserve's Depository Institutions Deregulation Committee, provided that such accounts are secured by collateral as prescribed in the City's Investment and Deposit Policy	n/a
Certificates of Deposit issued through the Certificate of Deposit Account Registry Services (CDARS)	20%
Prime Commercial Paper	20% (no more than 3% per obligor)
STAR Ohio	n/a
City of Springfield notes and bonds	n/a

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2—POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS - *continued*

At year-end, obligations of the following issuers represented in excess of 5% of the City's total investment portfolio, excluding investments of the Snyder Park Endowment:

<u>Issuer/Obligor</u>	<u>% of Investment Portfolio</u>	<u>Moody's Standard & Poor's Rating</u>
STAR Ohio	20.63%	AAAm (S&P)
Federal Farm Credit Bank (FFCB)	7.80%	AA+ / Aaa
Federal Home Loan Bank	63.61%	AA+ / Aaa

At year-end, obligations of the following issuers represented in excess of 5% of the total investments of the Snyder Park Endowment:

<u>Issuer/Obligor</u>	<u>% of Investment Portfolio</u>	<u>Moody's / Standard & Poor's Rating</u>
John Deere Capital Corporation (corporate bond)	10.35%	A / A2
Amgen Inc. (corporate bond)	15.07%	BBB+ / Baa1
3M Company (corporate bond)	9.23%	BBB+ / A3
Bristol-Myers Squibb Co. (corporate bond)	9.32%	A / A2
Phillip Morris International (corporate bond)	5.11%	A- / A2
AT&T Inc. (corporate bond)	5.61%	BBB / Baa2

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemptions gates.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2—POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS - *continued*

Interest Rate Risk

The investment policy requires competitive bidding and states that unless matched to a specific cash flow requirement, the City will not invest in securities, other than City of Springfield notes or bonds, maturing more than five years from the date of purchase. Callable securities are purchased with the assumption that some securities will be called before maturity, depending on the individual security's interest rate structure, particularly if a security bears increasing interest rate "step" features. Securities are occasionally competitively sold for liquidity purposes.

Credit Risk

The City's Investment and Deposit Policy restricts investments in obligations of the U.S. Treasury, Federal Agencies, and U.S. Government Sponsored Enterprises, to direct-obligations of the issuing entity. No form of mortgage-backed or any asset-backed security is authorized. Bankers acceptances are restricted to issuers with assets of at least \$2 billion and having an IDC ranking of "Excellent" or "Superior". Brokered CD's are restricted to issuers with net assets of at least \$100 million and having at least an "average" rating within its peer group by an industry-recognized bank rating service, which utilizes measures of capital risk, asset quality, margin, earnings and leverage, and the aggregate principal amount invested in a single issuer cannot exceed the per-depositor FDIC insurance limit, \$250,000 at December 31, 2023. Non-negotiable CD's (locally-issued non-brokered) must be collateralized as set forth in the policy. Commercial paper must be rated "prime" by Moody's Investors Service and A-1 by Standard and Poor's. STAR Ohio is rated only by Standard and Poor's with a rating of AAAM.

The investment policy requires delivery of marketable securities, on a delivery-versus-pay basis, to a third-party safekeeping agent. At year-end, all marketable securities were held by the City's third-party safekeeping agent in the City's name. The Snyder Park Endowment fund is exempt from the investment policy and its investments were held by the counterparty in the City's name and were insured by the Securities Investor Protection Corporation.

As of December 31, 2023, the City's investment portfolio, excluding the Snyder Park Endowment, had the following investments and maturities:

Investment Type	Measurement Value	Investment Maturities (in Years)			
		Less than 1	1-2	2-3	3-5
U.S. Government-sponsored corporations	\$ 67,142,630	\$ 26,382,626	\$ 21,983,390	\$ 15,860,542	\$ 2,916,072
U.S. Treasuries	1,936,250	1,936,250	---	---	---
STAR Ohio	17,959,106	17,959,106	---	---	---
Total	\$ 87,037,986	\$ 46,277,982	\$ 21,983,390	\$ 15,860,542	\$ 2,916,072

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 2—POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS - *continued*

As of December 31, 2023, the City's Snyder Park Endowment had the following investments and maturities:

Investment Type	Measurement Value	Investment Maturities (in Years)			
		Less than 1	1-2	2-3	3-6
Money Market Fund	\$ 356,734	\$ 356,734	\$ ---	\$ ---	\$ ---
Corporate Bonds	<u>260,842</u>	<u>49,354</u>	<u>48,753</u>	<u>47,529</u>	<u>115,206</u>
	617,576	<u>\$ 406,088</u>	<u>\$ 48,753</u>	<u>\$ 47,529</u>	<u>\$ 115,206</u>
Common Stocks	<u>216,164</u>				
Total Snyder Park Endowment	<u>\$ 833,740</u>				

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All the City's investments, except STAR Ohio and common stocks, are categorized as Level 2 and are valued using broker quotes that utilize observable market inputs. Common stocks are categorized as Level 1, using quoted prices as provided by the investment managers.

The following is a reconciliation of deposits and investments as reported in the note above to cash and investments as reported in the financial statements as of December 31, 2023:

<u>Deposits and investment per Note 2</u>	
Carrying amount of deposits	\$ 5,364,135
City investments	87,037,986
Snyder Endowment investments	<u>833,740</u>
	<u>\$ 93,235,861</u>
 <u>Equity in pooled cash and investments per financial statements</u>	
Governmental activities	\$ 65,843,662
Business-type activities	25,625,920
Custodial funds	1,289,097
 <u>Cash in segregated accounts per financial statements</u>	
Custodial funds	<u>477,182</u>
	<u>\$ 93,235,861</u>

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 3—INCOME TAXES

Municipalities within the State of Ohio (State) are permitted by state statute to levy an income tax up to a maximum rate of 1%, subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The City levies a tax on all wages, salaries, commissions, and other compensation paid by employers and the net profits from a business or profession earned within the City, excluding income from intangible personal property. In addition, City residents pay City income tax on income earned outside of the City. A credit is allowed on the tax imposed by the City in an amount equal to fifty percent (50%) of the tax paid by residents to other municipalities. This credit only applies to the current year tax period; no adjustments to future or prior years are allowed.

The tax rate applied in 2023 was 2.4%, 0.6% of which was unvoted. The voted tax rate of 1.8% includes a permanent tax rate of 0.9%, an increased tax rate of 0.5% effective for the period July 1, 2015 through June 30, 2030, and an increased tax rate of 0.4% effective for the period July 1, 2017 through December 31, 2032.

Income tax revenues, net of refunds, are required by a Charter amendment approved in November 2004, to be distributed to the General Fund and Permanent Improvement on a 90% / 10% basis. However, the City may choose to increase the Permanent Improvement fund share up to 20%. The portion of income tax revenues distributed to the capital project fund, Permanent Improvement, is used to finance outstanding debt service charges and capital improvements.

NOTE 4—PROPERTY TAXES

Property taxes are levied against all real and public utility property located in the City.

A 3-mill voted permanent levy authorizes for the hiring, training, maintaining, and supporting additional police officers. Property taxes received pursuant to state statutes are used by the City to retire bonds issued in 2009 to completely satisfy its obligation to the State for accrued police and fire pension costs. The City also is required by state statute to include, as directed by the Board of Directors of the Conservancy District, an annual levy in the City's Tax Budget to be collected by the County and distributed to the City. These funds are re-distributed, in full, from the City to the Conservancy District. During 2023, all property taxes received were accounted for in the Special Police Levy, the Police and Fire Pension, and the Conservancy District custodial fund. Ohio law prohibits taxation of property for all taxing authorities in excess of 10-mill without a vote of the people. The City's share of this 10-mill limitation is currently 2.8-mill.

Real property taxes collected during 2023 became a lien on January 1, 2022 and were levied on December 30, 2022. One-half of these taxes were due in February 2023 with the remaining balance due in July 2023.

Public utility property taxes collected during 2023 became a lien on January 1, 2022 and were levied on December 30, 2022. One-half of these taxes were due in February 2023 with the remaining balance due in July 2023.

Assessed values on real property are established by State law at 35% of appraised market value. A re-evaluation of all property is required to be completed no less than every six years with equalization adjustments in the third year following reappraisal. The last re-evaluation was completed in 2019. Public utility property taxes are assessed on land and improvements at a taxable value of 88% of true value. The 2022 assessed value upon which 2023 collections were based was \$1,012,008,094. The 2023 assessed value upon which 2024 collections are based is \$1,012,000,354.

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

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 5—RECEIVABLES

For 2023, the City had the following receivable balances:

	Taxes	Accounts	Interest	Leases	Other	Allowances	Total Receivables Net of Allowances
Governmental Funds:							
General Fund	\$ 13,483,344	\$ 7,587,696	\$ 245,838	\$ -	\$ 3,266,503	\$ (15,309,312)	\$ 9,274,069
Permanent Improvement	1,498,149	-	-	-	450,000	(548,329)	1,399,820
Fire—Service Enhancement	-	8,397,368	-	-	-	(6,367,986)	2,029,382
Nonmajor Governmental	5,503,959	50,864	34,270	5,992	2,858,980	(2,461,936)	5,992,129
Proprietary Funds:							
Water	-	1,252,694	42,340	121,502	96,768	(71,567)	1,441,737
Sewer	-	2,626,167	54,061	-	271,415	(155,786)	2,795,857
Stormwater	-	479,781	2,231	-	134,886	(92,751)	524,147
Airport	-	2,302	-	578,849	42,164	-	623,315
Nonmajor Enterprise	-	-	431	22,029	-	-	22,460
Internal Service	-	-	2,684	-	21,205	-	23,889
Fiduciary Funds:							
Custodial	692,059	689,055	5,270	-	-	(31,004)	1,355,380
Total Receivables	\$ 21,177,511	\$ 21,085,927	\$ 387,125	\$ 728,372	\$ 7,141,921	\$ (25,038,671)	\$ 25,482,185

	Due From Other Governments
Governmental Funds:	
General Fund	\$ 1,246,276
Permanent Improvement	941
Nonmajor Governmental	5,666,304
Proprietary Funds:	
Airport	3,404,650
Fiduciary Funds:	
Custodial	40,983
Total Due From Other Governments	\$ 10,359,154

Notes receivable in the nonmajor funds consists of \$11,610,201 at December 31, 2023. This represents loans to private business and homeowners. The funds were made available through various Federal grants. The amount of the receivable allowance for 2023 governmental funds, which includes allowances on notes receivable, was \$25,038,671.

The amount of receivable allowance for proprietary funds was \$320,104.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 5—RECEIVABLES – continued

The City had the following leases at December 31, 2023 as a lessor:

Lessee	Right-to-Use Asset	Interest Rate	Lease Term	Lease	Deferred	2023	
				Receivable at 12/31/23	Inflows of Resources at 12/31/23	Lease Revenue	Interest Revenue
Governmental Funds:							
General Fund:							
U.S. House of Representatives	Building space	0.40%	24 months	\$ -	\$ -	\$ 394	\$ -
Clark County	Parking lot	0.44%	40 months	-	1,787	5,994	26
Reid Park LTD	Land	0.29%	36 months	-	-	1,200	2
				-	1,787	7,588	28
Nonmajor Governmental:							
Tillman Infrastructure	Right-of-way	0.44%	42 months	5,992	5,955	12,000	55
Proprietary Funds:							
Water:							
Berner Farms	Farmland	0.54%	60 months	79,012	78,410	39,827	641
Raven Farms	Farmland	0.54%	60 months	1,284	1,235	648	10
Clarks Farm Market	Farmland	0.54%	60 months	41,206	39,620	20,771	334
				121,502	119,265	61,246	985
Airport							
Spectra Jet	Hangar space	1.63%	252 months	311,406	304,630	19,978	5,215
SelectTech	Hangar space	1.59%	36 months	-	-	42,651	365
FETI Aviation	Hangar space	2.17%	420 months	33,904	32,228	1,080	740
Clem Farms	Farmland	0.54%	60 months	10,879	10,795	5,484	88
Oak Dale Farms	Farmland	0.54%	60 months	13,387	13,281	6,748	109
Renner Farms	Farmland	0.54%	60 months	200,234	192,865	100,932	1,625
Ali Gator Air LLC	Runway	0.65%	72 months	9,039	8,956	3,043	69
				578,849	562,755	179,916	8,211
Nonmajor Enterprise							
Charlo's Restaurant	Building space	0.41%	36 months	22,029	19,441	24,645	145
				22,029	19,441	24,645	145
Lease Totals				\$ 728,372	\$ 709,203	\$ 285,395	\$ 9,424

The lease payments for all of these leases are on a fixed payment arrangement, due either annually or monthly.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 6—CAPITAL ASSETS

A summary of capital assets and changes occurring in 2023:

Governmental Activities	Restated Beginning Balance	Increase	Decrease	Ending Balance
Capital assets not being depreciated:				
Land	\$ 12,539,771	\$ 616,393	\$ -	\$ 13,156,164
Construction in progress	3,167,467	14,725,484	(1,277,680)	16,615,271
Total Capital assets not being depreciated	15,707,238	15,341,877	(1,277,680)	29,771,435
Capital assets being depreciated/amortized:				
Building & building improvements	31,893,002	3,179,633	(1,684,386)	33,388,249
Machinery & equipment	34,510,370	2,537,379	(1,742,948)	35,304,801
Subscription assets	284,047	4,022,122	-	4,306,169
Infrastructure	90,185,831	325,079	-	90,510,910
Total Capital assets being depreciated/amortized	156,873,250	10,064,213	(3,427,334)	163,510,129
Less: Accumulated depreciation/amortization:				
Building & building improvements	(22,121,361)	(873,914)	56,146	(22,939,129)
Machinery & equipment	(22,301,131)	(2,009,153)	1,625,209	(22,685,075)
Subscription assets	-	(1,136,125)	-	(1,136,125)
Infrastructure	(47,895,112)	(3,369,943)	-	(51,265,055)
Total Accumulated depreciated/amortized	(92,317,604)	(7,389,135)	1,681,355	(98,025,384)
Net capital assets being depreciated/amortized	64,555,646	2,675,078	(1,745,979)	65,484,745
Total Governmental Activities Capital Assets	<u>\$ 80,262,884</u>	<u>\$ 18,016,955</u>	<u>\$ (3,023,659)</u>	<u>\$ 95,256,180</u>

Depreciation expense was charged to the following governmental activities' functions:

General government	\$1,992,575
Recreation	377,398
Public safety	1,161,512
Community development	82,312
Public works	3,064
Highway and street	3,488,618
In addition, depreciation on capital assets used by the City's internal service funds and charged to the various functions based on the usage of the assets	250,694
	<u>7,356,173</u>
Depreciation related to assets transferred into governmental activities	32,962
	<u>\$ 7,389,135</u>

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 6—CAPITAL ASSETS – continued

<u>Business-type Activities</u>	<u>Restated Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 7,229,656	\$ -	\$ -	\$ 7,229,656
Construction in progress	31,811,860	19,738,609	(8,637,385)	42,913,084
Total Capital assets not being depreciated	39,041,516	19,738,609	(8,637,385)	50,142,740
Capital assets being depreciated/amortized:				
Building & building improvements	115,777,310	4,205,829	-	119,983,139
Machinery & equipment	12,642,306	1,895,956	(908,264)	13,629,998
Subscription assets	81,612	491,073	-	572,685
Infrastructure	153,682,540	4,667,318	-	158,349,858
Total Capital assets being depreciated/amortized	282,183,768	11,260,176	(908,264)	292,535,680
Less: Accumulated depreciation/amortization:				
Building & building improvements	(55,568,943)	(3,467,096)	-	(59,036,039)
Machinery & equipment	(7,294,484)	(1,013,406)	710,937	(7,596,953)
Subscription assets	-	(159,733)	-	(159,733)
Infrastructure	(97,952,099)	(4,042,817)	-	(101,994,916)
Total Accumulated depreciated/amortized	(160,815,526)	(8,683,052)	710,937	(168,787,641)
Net capital assets being depreciated/amortized	121,368,242	2,577,124	(197,327)	123,748,039
Total Business-type Activities Capital Assets	<u>\$ 160,409,758</u>	<u>\$ 22,315,733</u>	<u>\$ (8,834,712)</u>	<u>\$ 173,890,779</u>

Depreciation expense was charged to the following business-type activities:

Water	\$ 1,529,478
Sewer	5,932,012
Stormwater	688,590
Airport	276,869
Parking	230,198
	<u>8,657,147</u>
Depreciation related to assets transferred into governmental activities	25,905
	<u>\$ 8,683,052</u>

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 7—SIGNIFICANT COMMITMENTS AND ENCUMBRANCES

A summary of the City’s significant commitments and encumbrances as of December 31, 2023 include:

Funded from governmental activities:	
General Fund	\$ 249,958
Permanent Improvement	1,949,248
American Rescue Plan	7,286,263
Nonmajor Governmental	5,003,211
	14,488,680
Funded from business-type activities:	
Water	4,289,242
Sewer	3,709,422
StormWater	129,991
Airport	1,557,126
	9,685,781
Total significant commitments and encumbrances	\$ 24,174,461

NOTE 8 – 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 (ORC) limits the City’s obligation for this liability to annual 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 Statement No. 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.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

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 *accrued liabilities* on both the accrual and modified accrual bases of accounting.

Plan Description—Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-share, 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 plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. While members (e.g., City employees) may elect the member-directed plan and the combined plan, the majority of 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 ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’s fiduciary net position that may be obtained by visiting www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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 5 years of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 5 years 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 years	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 years	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 years

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.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

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 who retired prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring on or after 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%.

Funding Policy—The ORC provides statutory authority for member and employer contributions. For 2023, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contributions was \$3,002,419 for 2023.

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

Plan Description—City full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustment, 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 ORC. OP&F issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about OP&F's fiduciary net position. That report may be obtained by visiting <https://www.op-f.org> or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before 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% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit, and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

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

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% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30th 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% of their base pension or disability benefit.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – continued

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contributions to OP&F was \$4,435,390 for 2023.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 35,926,792	\$ 67,003,615	\$ 102,930,407
Proportion of the net pension liability			
Current measurement date	0.259757%	0.705373%	
Prior measurement date	<u>0.260689%</u>	<u>0.734558%</u>	
Change in proportionate share	<u>-0.000932%</u>	<u>-0.029185%</u>	
Pension expense	\$ 5,218,919	\$ 8,259,617	\$ 13,478,536

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – continued

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 1,223,922	\$ 1,005,025	\$ 2,228,947
Net difference between projected and actual earnings on pension plan investments	10,450,041	9,754,904	20,204,945
Change in assumptions	404,335	6,043,495	6,447,830
Change in City's proportionate share and difference in employer contributions	188,395	1,113,029	1,301,424
City contributions subsequent to the measurement date	<u>3,002,419</u>	<u>4,435,390</u>	<u>7,437,809</u>
Total	<u>\$ 15,269,112</u>	<u>\$ 22,351,843</u>	<u>\$ 37,620,955</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 46,152	\$ 1,526,539	\$ 1,572,691
Change in assumptions	-	1,306,550	1,306,550
Change in City's proportionate share and difference in employer contributions	<u>200,495</u>	<u>1,991,633</u>	<u>2,192,128</u>
Total	<u>\$ 246,647</u>	<u>\$ 4,824,722</u>	<u>\$ 5,071,369</u>

\$7,437,809 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 ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Fiscal Year Ending December 31:			
2024	\$ 1,383,888	\$ 1,295,724	\$ 2,679,612
2025	2,481,557	3,261,767	5,743,324
2026	3,062,932	3,632,889	6,695,821
2027	5,103,973	5,337,921	10,441,894
2028	(8,297)	(436,570)	(444,867)
Thereafter	<u>(4,007)</u>	<u>-</u>	<u>(4,007)</u>
	<u>\$ 12,020,046</u>	<u>\$ 13,091,731</u>	<u>\$ 25,111,777</u>

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

Actuarial Assumptions—OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation:	2.75%
Future salary increases, including inflation:	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple Post 1/7/2013 retirees: 3.0% simple through 2023, then 2.05% simple
Investment rate of return:	6.90%
Actuarial cost method	Individual entry age

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

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

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

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – continued

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following chart represents the City's proportionate share of the net pension liability at the 6.90% discount rate, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate of 6.90%</u>	<u>1% Increase (7.90%)</u>
City's proportionate share of the net pension liability	\$ 54,131,996	\$ 35,926,792	\$ 20,787,776

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued*

Actuarial Assumptions—OP&F

OP&F's total pension liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022, and rolled forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below:

Valuation date	January 1, 2022 with actuarial liabilities rolled forward to December 31, 2022
Actuarial cost method	Entry age normal
Investment rate of return:	7.50%
Projected salary increases	3.75% to 10.50%
Payroll growth	2.75% plus productivity increase rate of 0.5%
Inflation assumptions	2.75%
Cost of living adjustments	2.2% simple per year

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 8—DEFINED BENEFIT PENSION PLANS – continued

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.00%	0.00%
Domestic equity	18.60%	4.80%
Non-U.S. equity	12.40%	5.50%
Private markets	10.00%	7.90%
Core fixed income*	25.00%	2.50%
High yield fixed income	7.00%	4.40%
Private credit	5.00%	5.90%
U.S. inflation linked bonds*	15.00%	2.00%
Midstream energy infrastructure	5.00%	5.90%
Real assets	8.00%	5.90%
Gold	5.00%	3.60%
Private real estate	12.00%	5.30%
Commodities	<u>2.00%</u>	3.60%
Total	<u>125.00%</u>	

*Note: Assumptions are geometric. * Levered 2.5x*

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. The total pension liability was calculated using the discount rate of 7.5%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5%. 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 a discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate of 7.50%	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 88,390,696	\$ 67,003,615	\$ 49,224,533

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS

Net OPEB Liability

The net OPEB liability 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 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.

ORC limits the City's obligation for this liability to annual required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City's 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 employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require, the retirement systems to provide health care 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 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 are presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the year is included in *accrued liabilities* on both the accrual and modified accrual bases of accounting.

Plan Description—OPERS

The 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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via a Health Reimbursement Arrangement allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 75. See OPERS' ACFR referenced below for additional information.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

The ORC 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 ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting 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 ORC 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the ORC. 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. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0%.

The City's contractually required contribution to OPERS for OPEB was \$34,983 for 2023.

Plan Description—OP&F

The City contributes to the OP&F stipend funded via the Health Care Stabilization Fund. This benefit is available to eligible members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. The stipend model allows eligible members the option of choosing an appropriate health care plan on the exchange. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The ORC 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 ORC.

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.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

Funding Policy—The ORC 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% and 24.0% of covered payroll for police and fire employer units. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2023, the portion of the employer contributions allocated to health care was 0.5% 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 Section 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 for OPEB was \$104,119 for 2023.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net OPEB:			
Liability	\$ 766,177	\$ 5,022,053	\$ 5,788,230
Proportion of the net OPEB asset/liability			
Current measurement date	0.121515%	0.705373%	
Prior measurement date	<u>0.119494%</u>	<u>0.734558%</u>	
Change in proportionate share	<u>0.002021%</u>	<u>-0.029185%</u>	
OPEB expense/(negative expense)	\$ (1,275,380)	\$ 344,549	\$ (930,831)

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 299,687	\$ 299,687
Net difference between projected and actual earnings on OPEB plan investments	1,521,654	430,742	1,952,396
Change in assumptions	748,343	2,502,714	3,251,057
Change in City's proportionate share and difference in employer contributions	2,278	166,975	169,253
City contributions subsequent to the measurement date	<u>34,983</u>	<u>104,119</u>	<u>139,102</u>
Total	<u>\$ 2,307,258</u>	<u>\$ 3,504,237</u>	<u>\$ 5,811,495</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 191,115	\$ 990,247	\$ 1,181,362
Change in assumptions	61,576	4,107,627	4,169,203
Change in City's proportionate share and difference in employer contributions	<u>7,499</u>	<u>359,081</u>	<u>366,580</u>
Total	<u>\$ 260,190</u>	<u>\$ 5,456,955</u>	<u>\$ 5,717,145</u>

\$139,102 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 the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Fiscal Year Ending December 31:			
2024	\$ 245,153	\$ (141,640)	\$ 103,513
2025	557,346	(95,844)	461,502
2026	474,501	(221,807)	252,694
2026	735,085	(120,969)	614,116
2028	-	(422,797)	(422,797)
Thereafter	<u>-</u>	<u>(1,053,780)</u>	<u>(1,053,780)</u>
	<u>\$ 2,012,085</u>	<u>\$ (2,056,837)</u>	<u>\$ (44,752)</u>

Actuarial Assumptions—OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increase	2.75% to 10.75%, including wage inflation
Single discount rate:	
Current measurement period	5.22%
Prior measurement period	6.00%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	4.05%
Prior measurement period	1.84%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2036
Prior measurement period	5.5% initial, 3.50% ultimate in 2034
Actuarial cost method	Individual entry age

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

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

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

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00%	4.60%
REITs	7.00%	4.70%
International Equities	25.00%	5.51%
Risk Parity	2.00%	4.37%
Other Investments	<u>6.00%</u>	1.84%
Total	<u>100.00%</u>	

Discount Rate. A single discount rate of 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022. 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 to Changes in the Discount Rate. The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the City's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0% point lower (4.22%) or 1.0% point higher (6.22%) than the current rate:

	<u>1% Decrease (4.22%)</u>	<u>Current Discount Rate of 5.22%</u>	<u>1% Increase (6.22%)</u>
City's proportionate share of the net pension liability/(asset)	\$ 2,605,730	\$ 766,177	\$ (752,821)

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

Sensitivity of the City's Proportionate Share of the Net OPEB Liability 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. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0% lower or 1.0% higher than the current rate.

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net pension liability	\$ 717,608	\$ 766,177	\$ 819,603

Actuarial Assumptions—OP&F

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

Projections of benefit for financial 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 applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

Key Methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial valuation date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	3.75% to 10.50%
Payroll growth	3.25%
Single discount rate:	
Current measurement rate	4.27%
Prior measurement rate	2.84%
Municipal bond rate:	
Current measurement rate	3.65%
Prior measurement rate	2.05%
Cost of living adjustments	2.2% simple per year

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

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

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 9—DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLANS – *continued*

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and cash equivalents	0.00%	0.00%
Domestic equity	18.60%	4.80%
Non-U.S. equity	12.40%	5.50%
Private markets	10.00%	7.90%
Core fixed income*	25.00%	2.50%
High yield fixed income	7.00%	4.40%
Private credit	5.00%	5.90%
U.S. inflation linked bonds*	15.00%	2.00%
Master limited partnerships	5.00%	5.90%
Real assets	8.00%	5.90%
Gold	5.00%	3.60%
Private real estate	12.00%	5.30%
Commodities	<u>2.00%</u>	3.60%
Total	<u>125.00%</u>	

*Note: Assumptions are geometric. * Levered 2.5x*

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. Total OPEB liability was calculated using the discount rate of 4.27%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5% was applied to periods before December 31, 2035 and the municipal bond rate of 3.65% at December 31, 2022 was applied to periods on and after December 31, 2035, resulting in a blended discount rate of 4.27%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.27%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.27%) and 1% point higher (5.27%) than the current discount rate.

	1% Decrease (3.27%)	Current Discount Rate of 4.27%	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$ 6,184,186	\$ 5,022,053	\$ 4,040,913

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS

A summary of governmental activities' long-term debt and other obligations for the year ended December 31, 2023 is as follows:

Governmental Activities	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligations bonds	\$ 255,000	\$ -	\$ (255,000)	\$ -	\$ -
Direct borrowing:					
Finance-purchase obligations	2,622,786	-	(775,070)	1,847,716	654,633
Subscription payable	284,047	2,256,914	(825,547)	1,715,414	795,542
Deferred amounts:					
Unamortized prepaid insurance	(3,210)	-	3,210	-	-
Unamortized discounts	(497)	-	497	-	-
Compensated absences	8,022,522	739,239	(353,000)	8,408,761	839,768
Insurance claims payable	1,037,397	8,445,369	(8,949,487)	533,279	533,279
Total governmental activities	\$ 12,218,045	\$ 11,441,522	\$ (11,154,397)	\$ 12,505,170	\$ 2,823,222

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the totals for governmental activities. Compensated absences and required pension and OPEB plan contributions are typically paid from the fund from which the employee's wages are paid, which includes: General Fund; Street Construction, Maintenance and Repair; Special Police Levy; Fire Service Enhancement; and Probation Fee. Also, business-type activities include Water, Sewer, Stormwater, and Airport funds. At year end, \$272,366 of internal service funds' accrued vacation and sick leave are included in the amounts of governmental activities.

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CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – *continued*

A summary of the business-type activities' long-term debt and other obligations for the year ended December 31, 2023 is as follows:

Business-Type Activities	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water					
General obligations bonds	\$ 1,941,120	\$ -	\$ (191,120)	\$ 1,750,000	\$ 60,000
Direct placement:					
General obligations bonds	2,480,000	-	(325,000)	2,155,000	335,000
General obligations notes	691,000	1,541,000	(691,000)	1,541,000	1,541,000
Direct borrowing:					
OPWC Northern Heights	16,473	-	(588)	15,885	588
OWDA loans	15,665,794	2,291,877	(598,129)	17,359,542	607,056
Finance-purchase obligations	282,493	-	(101,160)	181,333	90,190
Subscription payable	40,806	491,072	(188,403)	343,475	179,822
Sewer					
General obligations bonds	6,953,880	-	(888,880)	6,065,000	205,000
Direct placement:					
General obligations bonds	4,770,000	-	(625,000)	4,145,000	640,000
General obligations notes	6,334,000	7,024,000	(6,334,000)	7,024,000	7,024,000
Direct borrowing:					
OEPA/OWDA High Rate Clarifier	24,542,818	-	(1,772,386)	22,770,432	1,817,870
WPCLF/OWDA subordinated revenue bond	17,825,102	-	(699,785)	17,125,317	767,017
OPWC loans	497,793	-	(17,778)	480,015	17,777
OWDA loans	6,467,773	1,985,511	(230,061)	8,223,223	308,234
Finance-purchase obligations	808,960	-	(394,343)	414,617	257,088
Subscription payable	40,806	-	(20,403)	20,403	20,403
Stormwater					
Direct borrowing:					
OEPA/OWDA High Rate Clarifier	12,269,568	-	(886,059)	11,383,509	908,799
Deferred amounts:					
Unamortized premiums	243,796	-	(29,045)	214,751	-
Compensated absences	1,081,089	176,715	(154,944)	1,102,860	161,026
Total business-type activities	\$ 102,953,271	\$ 13,510,175	\$ (14,148,084)	\$ 102,315,362	\$ 14,940,870

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – *continued*

The following is a summary of bond, loan, and finance-purchase obligations as of December 31, 2023:

	Year(s) of Issue	Year Due Through	Interest Rate	Issuance Amount	Outstanding Amount
Governmental activities					
Direct borrowing:					
Finance-purchase obligations	2018-2022	2024-2026	0.99%-3.70%	\$ 5,380,597	\$ 1,847,716
Business-Type Activities					
General obligations bonds payable:					
Water	2009-2019	2024-2043	3.00%-4.25%	3,161,940	1,750,000
Sewer	2009-2019	2024-2043	3.00%-4.25%	12,843,060	6,065,000
Direct placement:					
Water	2015	2024-2029	2.53%	2,735,000	2,155,000
Sewer	2015	2024-2029	2.53%	5,235,000	4,145,000
General obligations notes payable:					
Water	2023	2024	4.25%	1,541,000	1,541,000
Sewer	2023	2024	4.25%	7,024,000	7,024,000
Direct borrowing:					
Subordinated revenue bonds (WPCLF/OWDA - Sewer)					
	2016	2024-2043	1.75%	21,318,500	17,125,317
OEPA/OWDA loans (Water)					
	2023	2023-2055	0.00-2.78%	1,441,443	714,032
	2023	2023-2055	0.00%	1,849,564	167,248
	2023	2023-2055	0.34%	1,163,295	10,229
OEPA/OWDA loans (Sewer)					
	2012	2024-2034	2.55%	36,315,583	22,770,432
	2017	2024-2049	0.00%	396,381	336,924
	2018	2024-2048	0.00%	633,611	528,009
	2023	2024-2055	2.90%	3,148,287	-
OWDA loans (Water)					
	2020	2024-2042	1.85%	495,379	415,749
	2020	2024-2043	1.62%	3,533,000	2,747,487
	2020	2024-2044	1.28%	521,031	456,843
	2021	2024-2052	1.39%	10,600,000	9,650,447
	2021	2024-2052	1.38%	1,135,000	988,727
	2021	2024-2052	1.54%	1,075,000	881,858
	2021	2024-2034	1.41%	714,000	570,641
	2022	2024-2052	2.00%	775,365	756,282
OWDA loans (Sewer)					
	2020	2024-2042	1.85%	720,921	592,245
	2020	2024-2042	1.85%	1,311,100	1,082,511
	2020	2024-2043	1.62%	556,000	520,698
	2020	2024-2044	1.28%	411,969	298,371
	2021	2024-2052	1.60%	4,631,000	4,864,465
OEPA/OWDA loans (Stormwater)					
	2012	2024-2034	2.55%	18,130,569	11,383,509
OPWC loans (Water)					
	2019	2024-2051	0.00%	17,650	15,885
OPWC loans (Sewer)					
	2019	2024-2051	0.00%	533,350	480,015
Finance-purchase obligations					
Water	2021	2024-2025	1.05%	451,000	181,333
Sewer	2020-2021	2024-2025	0.99%-2.12%	1,275,239	414,617
					\$ 102,481,590

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – *continued*

General obligation bonds issued are subject to federal arbitrage regulations, but at this time the City has no calculated liability. The various general obligation bonds contain no sinking fund requirements or significant bond limitations and restrictions. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Bond payments on general obligation bonds included in the governmental activities section of the Statement of Net Position are funded from municipal income taxes.

Business-type general obligation bonds and notes payable from Water and Sewer are used for various water and sewer related construction.

The amount of the unamortized bond issuance costs (prepaid bond insurance) and the unamortized bond discounts / premiums are included net of bonds, notes, and loans payable long-term on the Statement of Net Position.

Loans and the Subordinated Revenue Bond payable to the Ohio Water Development Authority (OWDA) are direct borrowings pledged sewer revenues or stormwater revenues, net of operating and maintenance expenses and debt service, to help finance wastewater treatment plant improvements and the construction of an "express" sewer line. Principal and interest paid for the current year and total customer net revenues were \$4,887,068 and \$7,905,610, respectively. Total customer net revenues exceeded the annual principal and interest on the loans by 162%.

In, 2012, the City entered into a direct borrowing Water Pollution Control Loan Fund (WPCLF) Agreement with the Environmental Protection Agency of the State of Ohio and the OWDA for 20 years at 2.55% to help finance the construction of a High Rate Treatment Facility. Construction commenced in August 2012 at the Wastewater Treatment Plant and the new treatment facility began operation in December 2014. As of December 31, 2023, the City had drawn \$54,446,152 of the loan commitment for progress payments on the project. After addition of capitalized interest of \$1,373,921 and loan principal payments made by the City of \$21,666,133, the outstanding loan balance as of December 31, 2023 was \$34,153,941. 66.67% of the principal and interest cost of the loan are assigned to the Sewer utility and 33.33% to the Stormwater utility. Under the loan agreement, debt service payments began on July 2, 2015.

In 2016, the City entered into a direct borrowing Water Pollution Control Loan Fund (WPCLF) Extended-Term Bond Trust Agreement with Ohio Environmental Protection Agency (OEPA) and OWDA to help finance the construction of its Erie Express Sewer. Under the terms of that agreement, the City issued its Wastewater System Subordinated Revenue Bond Series 2016 directly to the State of Ohio. Bond proceeds of up to \$21,642,238 can be drawn by the City for progress payments during construction. As of December 31, 2023, the City had drawn \$21,318,500. After addition of capitalized interest of \$138,573 and bond principal payments made by the City of \$4,331,755, the outstanding bond balance as of December 31, 2022 was \$17,125,317. The Trust Agreement is administered by OWDA in the same manner as traditional OWDA and WPCLF loans. Debt service payments began July 1, 2018. Estimated debt charges of \$1,063,370 annually from 2018 to 2043 will be supported in their entirety by sewer utility revenues.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – *continued*

In 2017, the City entered into a direct borrowing WPCLF Agreement with OEPA and OWDA for 30 years at 0% to help finance the City's 2017 Sanitary Sewer Lining Phase I project in the southeast quadrant of the City. Loan proceeds of up to \$418,422 were authorized for the project and the final amount financed was \$396,381 for the project. As of December 31, 2023, the City reported an outstanding balance of \$336,924. Debt service payments of approximately \$13,200 annually from 2019 to 2048 are supported in their entirety by sewer utility revenues.

In 2018, the City entered into a direct borrowing WPCLF Agreement with OEPA and OWDA for 30 years at 0% to help finance the City's 2017 Sanitary Sewer Lining Phase II project in the southeast quadrant of the City. Loan proceeds of up to \$656,843 were authorized for the project and the final amount financed was \$633,611 for the project. As of December 31, 2023, the City reported an outstanding balance of \$528,009. Debt service payments of approximately \$21,100 annually from 2019 to 2049 are supported in their entirety by sewer utility revenues.

In 2019, the City entered into a direct borrowing agreement with the Ohio Public Works Commission for a 30-year, 0% interest loan to finance water and sewer improvements in Northern Heights. At December 31, 2021, the project had been completed with the entire \$551,000 authorized loan amount being drawn by the City. As of December 31, 2023, the City reported an outstanding balance of \$495,900. Annual debt service payments of \$18,367 from July 2021 to January 2051 will be supported by the water (3.2%) and sewer (96.8%) utilities revenues.

In 2020, the City entered into several 20-year direct borrowing agreements with OWDA for a water and wastewater facilities concrete project (up to \$4,089,000 at 1.62%) as well as water and sewer infrastructure improvements for Broadway Street (up to \$1,216,300 at 1.85%), North Street (up to \$1,311,000 at 1.85%), and McCreight Avenue (up to \$933,000 at 1.28%). As of December 31, 2023, the outstanding balances on these loans totaled \$6,113,904.

In 2021, the City entered into a \$10,600,000 direct borrowing agreement with OWDA for 30 years at 1.39% to finance the construction of waterline upgrades in the City's Eastern Pressure District. Included within this loan was \$844,112 rolled over from the 2019 direct borrowing from OWDA for the planning phase of this project, and the planning phase loan was closed. As of December 31, 2023, the City had drawn \$9,794,403 (including the planning phase loan balance). After addition of capitalized interest of \$146,995 and principal payments made by the City of \$290,951, the outstanding loan balance as of December 31, 2023 was \$9,650,447.

In addition, during 2021 the City entered into four additional direct borrowing agreements with OWDA to facilitate water service line replacements (up to \$1,135,000 at 1.38% for 30 years); water line replacement on Mt. Joy Street (up to \$1,075,000 at 1.54% for 30 years); lime slaker replacement at water treatment plant (up to \$714,000 at 1.41% for 15 years); and sewage primary effluent pumps replacement at wastewater treatment plant (up to \$4,631,000 at 1.60% for 30 years). As of December 31, 2023, the outstanding balances on these loans totaled \$7,305,691.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – *continued*

In 2022, the City entered into a \$1,045,000 direct borrowing agreement with OWDA for 30 years at 2.00% to finance the construction of various waterline replacements. As of December 31, 2022, the City had drawn \$773,491 on this project and will continue to draw for progress payments during construction. After the addition of capitalized interest of \$1,874 and principal payments of \$19,063, the outstanding loan balance as of December 31, 2023 was \$756,282.

In 2023, the City entered into a direct borrowing WSRLA Agreement with OEPA and OWDA for 30 years to finance the City's 2023 Miscellaneous Waterline Replacements project. Loan proceeds of up to \$1,441,442 were authorized for this project, \$532,945 of which is eligible for principal forgiveness. Of the remaining \$908,498, \$472,611 is financed at 0% and \$435,887 is financed at 2.78%. As of December 31, 2023, the City had drawn \$1,085,233. After the addition of capitalized interest of \$2,911 and principal forgiveness of \$374,112, the outstanding loan balance as of December 31, 2023 was \$714,032. Since the debt service amortization hasn't been finalized, this loan was excluded from the subsequent maturity schedules.

In 2023, the City entered into a direct borrowing WSRLA Agreement with OEPA and OWDA for 30 years to finance the City's 2023 Water Service Replacement project on Fountain Ave. Loan proceeds of up to \$1,849,564 were authorized for this project, \$972,296 of which is eligible for principal forgiveness. The remaining \$877,268 is financed at 0%. As of December 31, 2023, the City had drawn \$338,883 and received principal forgiveness of \$171,635 for an outstanding loan balance of \$167,248. Since the debt service amortization hasn't been finalized, this loan was excluded from the subsequent maturity schedules.

In 2023, the City entered into direct borrowing WSRLA and WPCLF Agreements with OEPA and OWDA for 30 years to finance water and sewer infrastructure upgrades along Northern Ave. For the water portion, loan proceeds of up to \$1,163,294 were authorized for this project, of which \$538,612 is eligible for principal forgiveness. Of the remaining \$624,682, \$477,637 is financed at 0% and \$147,045 is financed at 2.90%. As of December 31, 2023, the City had drawn \$4,036. After the addition of capitalized interest of \$6,193, the outstanding loan balance as of December 31, 2023 was \$10,229. For the sewer portion, loan proceeds of up to \$3,148,287 were authorized for this project, of which \$29,211 is eligible for principal forgiveness. The remaining \$3,119,076 is financed at 2.90%. As of December 31, 2023, the City had not drawn anything from this loan. Since the debt service amortization hasn't been finalized, these loans were excluded from the subsequent maturity schedules.

The ORC provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2023, the City's total net debt and unvoted debt amounted to 0% of the total assessed value of all property within the City.

The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with Clark County and the Springfield City School District. As of December 31, 2023, these entities have complied with the requirement that overlapping debt must not exceed 1% (10-mills) of the assessed property value. The WPCLF/OWDA loans, OPWC loans and lease agreements are exempt from these ORC provisions.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – *continued*

During 2018, the City entered into a long-term equipment lease-purchase financing obligation for the purchase of communications system equipment. During 2020, the City entered into a long-term equipment lease-purchase financing obligation for heavy equipment for public works and sewer utilities. During 2021, the City entered into three long-term equipment lease-purchase financing obligations for a fire ladder truck and heavy equipment for the water and sewer utilities. During 2022, the City entered into one long-term equipment lease-purchase financing obligation for a fire pumper truck. Lease-purchase payments will be reported as debt service payments in the governmental and enterprise funds when required.

On April 12, 2012, the City issued a First Mortgage Healthcare Facility Revenue Bond (HFRB) Series 2012A and 2012B, in the aggregate principal amount of \$7,230,000. The HFRB financed the cost of acquiring an 80-unit assisted living facility in the City, certain repairs, improvements, and rehabilitation of the facility, and making certain initial deposits into funds and accounts established under the related indenture (Project). The HFRB is a special obligation of the City, secured by a Trust Indenture between the City and the Bank of Oklahoma, Tulsa, as trustee, bond registrar and paying agent. Concurrent with the issuance of the HFRB, the City entered into a loan agreement with Eaglewood Property Holdings, LLC (EPH) which used the proceeds to undertake the Project.

Under the loan agreement EPH unconditionally agreed to make loan payments to the bond trustee in amounts at least sufficient to pay the principal and interest obligations on the HFRB. This special obligation of the City is payable solely from the loan payments. Concurrent with the issuance of the HFRB, the City assigned all its rights under the loan agreement to the original purchaser of the HFRB. The HFRB is not a general obligation of the City and does not constitute a debt or pledge of the faith, credit or the taxing power of the City. The HFRB had a principal amount of \$6,116,798 outstanding at December 31, 2023.

In 2023, the City issued bond anticipation notes in the amount of \$8,565,000 to finance municipal water and sewer facilities improvements and the maturing bond anticipation note issued in 2022 to pay costs of improving the municipal water and sewage facilities. The City refunded the 2023 notes on their maturity date of April 4, 2024 with additional bond anticipation notes (see Note 20).

The calculation of net investment in capital assets is as follows:

	Governmental Activities	Business-type Activities
Total capital assets	\$ 95,256,180	\$ 173,890,779
Less:		
General obligation bonds and notes	-	(22,894,751)
Subordinated revenue bonds	-	(17,125,317)
OWDA and OPWC loans	-	(60,232,606)
Finance purchase obligations	(1,847,716)	(595,950)
Subscriptions payable	(1,715,414)	(363,878)
Add back:		
Deferred charges on refunding	-	342,902
Significant unspent bond proceeds	-	425,549
Total net investment in capital assets	\$ 91,693,050	\$ 73,446,728

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – continued

The annual requirements to pay principal and interest on all long-term debt as of December 31, 2023 are as follows:

Governmental Activities			
Direct Borrowing			
Year Ending December 31,	Finance- purchase	Subscription	Interest
2024	\$ 654,633	\$ 795,542	\$ 94,167
2025	570,101	298,546	58,780
2026	362,689	306,553	37,637
2027	260,293	314,773	18,073
Total	\$ 1,847,716	\$ 1,715,414	\$ 208,657

Water Fund						
Direct Placement						
Year Ending December 31,	General obligation	General obligation	Direct Borrowing			
			OWDA / OPWC	Finance- purchase	Subscription	Interest
2024	\$ 60,000	\$ 335,000	\$ 607,644	\$ 90,190	\$ 179,822	\$ 392,690
2025	60,000	345,000	616,706	91,143	163,653	367,572
2026	65,000	355,000	625,904	-	-	341,941
2027	65,000	360,000	635,242	-	-	321,022
2028	70,000	375,000	644,720	-	-	299,836
2029-2033	390,000	385,000	3,370,862	-	-	1,221,719
2034-2038	470,000	-	3,352,833	-	-	869,417
2039-2043	570,000	-	3,198,568	-	-	511,882
2044-2048	-	-	2,530,101	-	-	249,865
2049-2052	-	-	1,792,848	-	-	65,836
Total	\$ 1,750,000	\$ 2,155,000	\$ 17,375,428	\$ 181,333	\$ 343,475	\$ 4,641,780

Sewer Fund						
Direct Placement						
Year Ending December 31,	General obligation	General obligation	Direct Borrowing			
			OEPA / OWDA / OPWC	Finance- purchase	Subscription	Interest
2024	\$ 205,000	\$ 640,000	\$ 2,910,898	\$ 257,088	\$ 20,403	\$ 1,346,051
2025	210,000	665,000	2,975,695	157,529	-	1,253,174
2026	220,000	675,000	3,042,007	-	-	1,160,079
2027	230,000	700,000	3,109,869	-	-	1,066,339
2028	240,000	720,000	3,179,318	-	-	969,979
2029-2033	1,350,000	745,000	16,996,638	-	-	3,431,378
2034-2038	1,635,000	-	9,008,982	-	-	1,560,784
2039-2043	1,975,000	-	5,786,814	-	-	612,974
2044-2048	-	-	1,344,966	-	-	139,231
2049-2053	-	-	243,800	-	-	44,803
Total	\$ 6,065,000	\$ 4,145,000	\$ 48,598,987	\$ 414,617	\$ 20,403	\$ 11,584,792

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 10—LONG-TERM DEBT AND OTHER OBLIGATIONS – *continued*

<u>Year Ending December 31,</u>	<u>Stormwater Fund</u>	
	<u>Direct</u>	
	<u>Borrowing</u>	
	<u>OEPA / OWDA</u>	<u>Interest</u>
2024	\$ 908,799	\$ 284,523
2025	932,121	261,200
2026	956,041	237,280
2027	980,576	212,745
2028	1,005,740	187,581
2029-2033	5,429,352	537,254
2034	1,170,880	22,441
Total	\$ 11,383,509	\$ 1,743,024

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CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 11—INTERFUND TRANSACTIONS

Interfund transactions in the basic financial statements as of December 31, 2023 were as follows:

	Due From Other Funds	Due To Other Funds	Transfers In	Transfers Out
Governmental Funds				
General	\$ 1,594,159	\$ 284,216	\$ -	\$ 18,076,270
Permanent Improvement	158,309	1,370,335	1,100,000	63,237
Fire Service Enhancement	12,717	166,119	14,641,270	-
American Rescue Plan Act	1,350,000	-	-	-
Nonmajor Governmental	805,904	3,302,562	1,830,104	295,104
Proprietary Funds				
Water	1,282,558	196,765	-	-
Sewer	348,125	194,615	-	-
Stormwater	-	1,025	-	-
Airport	9,935	695,591	463,237	-
Nonmajor Enterprise	-	-	50,000	-
Internal Service	658,194	8,133	350,000	-
	<u>\$ 6,219,901</u>	<u>\$ 6,219,361</u>	<u>\$ 18,434,611</u>	<u>\$ 18,434,611</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The Sidewalk, Curb and Gutter, Water, and Sewer funds issued notes of \$1,123,600, \$103,500, and \$43,000, respectively, which were purchased by the General and Water funds for sidewalk, water, and sewer improvements.

NOTE 12—ACCOUNTABILITY

The following funds had deficit balances as of December 31, 2023:

Nonmajor Special Revenue Funds:		Nonmajor Capital Projects Funds:	
Community Development Block Grant	\$492,614	Special Capital Projects	\$512,023
Continuum of Care	148,980	Ohio Public Works Commission	405,229
FTA Bus Grant	18,560	Sidewalk, Curb, and Gutter	935,620
OTPP Bus Grant	2,900		
ODOT Bus Grant	11,960	Nonmajor Debt Service Funds:	
OEPA Community & Litter Grant	4,916	Special Assessment Debt Retirement	415,061
Brownfield Remediation Grants	67,781		
BJA Comprehensive Abuse Grants	193,147	Nonmajor Permanent Funds:	
		Clara B. McKinney Trust	1,547

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 13—FUND BALANCES

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

	General Fund	Fire Service Enhancement	Permanent Improvement	Nonmajor Governmental	Total Governmental
Nonspendable:					
Inventory	\$ 2,555	\$ -	\$ -	\$ 381,432	\$ 383,987
Permanent endowments	-	-	-	386,953	386,953
Total nonspendable	<u>2,555</u>	<u>-</u>	<u>-</u>	<u>768,385</u>	<u>770,940</u>
Restricted:					
Community redevelopment	-	-	-	878,609	878,609
Law enforcement	-	-	-	2,417,287	2,417,287
Fire / EMS services	-	2,237,084	-	-	2,237,084
Housing services	-	-	-	14,887,956	14,887,956
Road improvements and safety	-	-	-	3,619,158	3,619,158
Municipal Court / justice	-	-	-	1,298,337	1,298,337
Recreation / beautification	-	-	-	625,152	625,152
Debt service	-	-	-	586,000	586,000
Capital projects	-	-	2,119,358	2,842,888	4,962,246
Other purposes	592,996	-	-	814,687	1,407,683
Total restricted	<u>592,996</u>	<u>2,237,084</u>	<u>2,119,358</u>	<u>27,970,074</u>	<u>32,919,512</u>
Committed:					
Community redevelopment	367,664	-	-	-	367,664
Law enforcement	6,200	-	-	-	6,200
Economic development	-	-	-	102,747	102,747
Road improvements and safety	-	-	-	39,742	39,742
Municipal Court / justice	65,023	-	-	-	65,023
Other purposes	70,081	-	-	-	70,081
Total committed	<u>508,968</u>	<u>-</u>	<u>-</u>	<u>142,489</u>	<u>651,457</u>
Assigned:					
Community redevelopment	23,777	-	-	-	23,777
Law enforcement	103,443	-	-	-	103,443
Municipal Court / justice	40,141	-	-	-	40,141
Fire / EMS services	2,588	-	-	-	2,588
Capital projects	-	-	-	3,035,162	3,035,162
Other purposes	336,995	-	-	-	336,995
Total assigned	<u>506,944</u>	<u>-</u>	<u>-</u>	<u>3,035,162</u>	<u>3,542,106</u>
Unassigned	11,723,743	-	-	(3,210,338)	8,513,405
Total fund balance	<u>\$ 13,335,206</u>	<u>\$ 2,237,084</u>	<u>\$ 2,119,358</u>	<u>\$ 28,705,772</u>	<u>\$ 46,397,420</u>

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 14—RISK MANAGEMENT

The City is exposed to various risks of loss including employee health care costs and accidents; torts and legal judgments; theft, damage, or destruction of assets; errors and omissions; and natural disasters. Life insurance, employee health insurance, and airport liability insurance is purchased through a commercial carrier. Judgments are administered through the various operating funds.

Unemployment compensation is administered by a state agency, and all costs are reimbursed by the City from the various operating funds.

The City is a member of the Ohio Municipal Joint Self-Insurance Pool (Pool), a public entity risk pool. Under this program, the Pool provides the following coverage:

Type of risk	Maximum coverage <i>(in millions)</i>	Deductible
Law enforcement	\$5 per occurrence / aggregate	\$10,000
Emergency medical services	\$5 per occurrence / aggregate	\$5,000
Public officials	\$5 per occurrence / aggregate	\$10,000
General liability	\$5 per occurrence / aggregate	\$5,000
Auto liability	\$5 per occurrence / aggregate	-
Property	\$175 per occurrence / aggregate	\$2,500
Inland marine	\$3 per occurrence / aggregate	\$1,000

The City pays an annual premium to the Pool for this coverage. The participation contract provides that the Pool will be self-sustaining and will reinsure through commercial carriers for claims in excess of \$100,000 for each insured event.

Workers' Compensation is administered by the State of Ohio under a retrospective rating plan. The City reimburses the Workers' Compensation Bureau for claims subject to a \$200,000 claim limitation for the 2023 policy year. All operating funds are charged an annual rate based on gross payroll. This charge, along with all expenses, are reported in an internal service fund.

Self-insured workers' compensation expenses and liabilities are reported when it is probable a loss has occurred, and the loss can be reasonably estimated. These amounts include incurred but unreported claims and reported claims not yet paid and are the City's best estimate based on available information. At December 31, 2023, \$533,279 of unpaid workers' compensation claims are presented. The City has not purchased any annuity contracts to satisfy a claim liability. Changes in the balance of insurance claims payable liabilities for fiscal 2023 and 2022 were as follows:

Year	Beginning Balance	Incurred Claims / Adjustments	Claims Payments	Ending Balance
2023	\$ 1,037,397	\$ 8,445,369	\$ (8,949,487)	\$ 533,279
2022	545,367	8,287,756	(7,795,726)	1,037,397

The amount estimated for claims due within one year is \$533,279. There were no significant reductions in insurance coverage during the year in any category of risk. Insurance coverage for each of the past three years was sufficient to cover any insurance settlements.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 15—CONTINGENT LIABILITIES

The City is a defendant in several lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. The ultimate disposition of the lawsuits and other proceedings cannot presently be determined but will not, in the opinion of the Department of Law, adversely affect continuing operations of the City.

Under the terms of Federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 16—TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, the City is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or citizens of the City. The City has entered into such agreements. A description of each of the City's abatement programs where the City has promised to forgo taxes follows.

Community Reinvestment Area (CRA) Program

The Ohio Community Reinvestment Area program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Community Reinvestment Areas (CRA) are areas of land in which property owners can receive tax incentives for investing in real property improvements. In order to use the Community Reinvestment program, a city, village, or county petitions to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once the area is confirmed by the Director of ODSA, communities may offer real property tax exemptions to taxpayers that invest in that area.

The City determines the type of development to support by specifying the eligibility of residential, commercial and/or industrial projects. The City negotiates property tax exemptions on new property tax from investment for up to one hundred percent (100%) for up to fifteen years based on the amount of investments made to renovate or construct buildings within a CRA. Taxes are abated as the increase in assessed (taxable) value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation. For commercial projects, job retention and/or creation is also required. Agreements must be in place before the project begins. Provisions for recapturing property tax exemptions, which can be used at the discretion of the City, are pursuant to ORC Section 9.66(C)(1) and 9.66(C)(2).

During 2023, the City had three commercial CRA's consisting of three commercial agreements. The real property tax foregone by the City during collection year 2023 as a result of its commercial CRA agreements was \$814.

During 2023, the City had two residential CRA's consisting of twenty-eight abated properties. The foregone real property tax foregone by the City during collection year 2023 because of its residential CRA agreements was \$3,211.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16—TAX ABATEMENTS – *continued*

Enterprise Zone Program

Ohio Enterprise Zones (EZ's) are established in accordance with Ohio Revised Code §5709.61 to 5709.69 and are areas targeted for limited local and state tax abatement and tax credits. They are formed to promote business investment and to create employment. EZ's provide tax incentives for renovations of vacant, urban, industrial, and business areas and structures. Only those businesses that are qualified by financial responsibility and business experience to create and preserve jobs within the zone may apply for the local tax incentives. Local officials may limit the type of businesses and projects, which are eligible through policy guidelines. A business must make a substantial investment in either real or personal property.

Establishing a new business is defined as making a significant investment in land, buildings, machinery, or equipment. Expansion projects must make investments that equal at least ten percent of the value of the existing facility. In addition, the law permits incentives for a business to renovate an existing facility if the renovations exceed fifty percent of the facility's value. A business willing to occupy a vacant facility and invest at least twenty percent of the facility's value to alter or repair the facility is considered eligible for tax incentives. Retail operations are not eligible for tax exemptions in an enterprise zone.

There are four possible eligibility determinations for a project to be considered for EZ benefits, it must meet one of the following four definitions:

- Expand: Ohio Revised Code (ORC) § 5709.61 (E) “means to make expenditures to add land, buildings, machinery, equipment, or other materials, except inventory, to a facility that equal at least ten percent of market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.”
- Renovate: ORC § 5709.61 (F) “means to make expenditures to alter or repair a facility that equal at least fifty percent of the market value of the facility prior to such expenditures, as determined for the purposes of local property taxation.”
- Occupy: ORC § 5709.61 (G) “means to make expenditures to alter or repair a vacant facility equal to at least twenty percent of the market value of the facility prior to such expenditures.”
- Remediate: ORC § 5709.61 (V) “means to make expenditures to clean up an environmentally contaminated facility so that it is no longer environmentally contaminated that equal at least ten percent of the real property market value of the facility prior to such expenditures as determined for the purposes of property taxation.

The developer must maintain the improvements, complete an annual report, and commit to equal opportunity employment and contracting opportunities. School boards must be notified of the proposed amendment. In certain cases, school boards must approve the abatement.

During 2023, the City was a party to six EZ agreements. The real property tax foregone by the City during collection year 2023 as a result of its commercial EZ agreements was \$22,915.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 16—TAX ABATEMENTS – *continued*

Job Creation Tax Credit Program

The City has exercised its powers under Article VIII, Section 13 of the Ohio Constitution to preserve jobs and employment opportunities and to promote economic development in Springfield by providing a municipal income tax credit incentive to employers in the City. Non-refundable tax credits are granted under the City's Municipal Tax Credit Incentive Agreements, which specify all of the conditions to be met by the employer on an annual basis to receive the tax credit. The tax credit percentage and term of the specific agreements is based upon the number of new jobs created at a specific site and a minimum average salary of the new positions.

During 2023, the City was party to one Municipal Tax Credit Agreement. There were no foregone municipal income taxes during collection year 2023.

NOTE 17—ENDOWMENTS

The City is the custodian/benefactor for four small endowments/trusts, which are reported as permanent funds. The available amounts of net position are reported as restricted for other purposes. The largest of these endowments/trusts is the Snyder Park Endowment which is used to maintain and improve Snyder Park. This fund had an initial endowment in approximately 1895 of \$215,859 and had a net increase in 2023 of \$294,687.

ORC section 5705.131 specifies that only investment earnings arising from investment of the principal or investment of such additions to principal are considered an unencumbered balance or revenue of the endowment fund, and as such are available to be spent for the designated purposes. ORC sections 755.19 and 755.20 give additional oversight for endowments or properties donated for park purposes.

NOTE 18—CHANGE IN ACCOUNTING PRINCIPLES

During the fiscal year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. These changes were incorporated in the City's financial statements. The City recognized \$284,047 in governmental activities and \$81,612 in business-type activities in subscriptions payable at January 1, 2023; however, this entire amount was offset by the intangible asset, right to use subscription.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 18—CHANGE IN ACCOUNTING PRINCIPLES – *continued*

GASB Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this Statement did not have an effect on the financial statements of the City.

NOTE 19—ASSET RETIREMENT OBLIGATION

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 its 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 has not applied for, nor does it have, an approved permit from Ohio EPA to dispose of all or part of its sewage treatment plant. Due to the lack of specific legal requirements for retiring the sewage treatment plant as well as no reliable estimates, the City has determined the amount of the Asset Retirement Obligation (ARO) cannot be reasonably estimated at this time.

NOTE 20—SUBSEQUENT EVENTS

In January 2024, the City entered into a direct planning loan borrowing agreement with OWDA for the 2024 Water Treatment Plant Control System Upgrade Design Phase 1 project in the maximum amount of \$1,080,556.80. The loan bears an interest rate of 4.33% and is expected to mature within 5 years after the completion of design.

In February 2024, the City issued \$1,890,000 in Advanced Metering Infrastructure (AMI) Bond Anticipation Notes, Series 2024 to fund \$945,000 on the sewer portion of the AMI project and \$945,000 on the water portion of the AMI project. Those notes bore an interest rate of 4.50% and matured on February 1, 2025.

In April 2024, the City issued \$8,565,000 in Various Purpose Bond Anticipation Notes, Series 2024 to fund \$7,024,000 in sewer line and wastewater treatment plant improvements and \$1,541,000 in water line and water treatment plant improvements. Those notes bore an interest rate of 4.125% and matured on March 27, 2025.

In May 2024, the City entered into a cooperative borrowing agreement with OWDA for the 2024 Elevated Storage Tank Rehabilitation project in the maximum amount of \$1,345,000. The loan bears an interest rate of 3.37% and is expected to mature within 20 years after the initial payment.

In July 2024, the City issued \$1,091,600 in Sidewalk, Curb and Gutter Bond Anticipation Notes, Series 2024 to fund the property owners' portion of the construction of the sidewalk, curbs and gutters comprised in the 2024 Sidewalk, Curb and Gutter program. Those notes bore an interest rate of 4.50% and matured on July 18, 2025.

CITY OF SPRINGFIELD, OHIO
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 20—SUBSEQUENT EVENTS – *continued*

In October 2024, the City entered into a Water Supply Revolving Loan Account loan agreement with the Ohio EPA and OWDA for the 2024 Selma Road Water Service Replacement project in the maximum amount of \$1,005,905.23. If the full loan amount is disbursed, it's expected that \$519,545.41 will qualify for principal forgiveness upon completion of the project. The loan bears a blended interest rate of 0.05% and is expected to mature within 30 years after the initial payment.

In November 2024, the City issued \$6,000,000 in Capital Facilities Bond Anticipation Notes, Series 2024 to fund the cost of constructing, furnishing, and equipping a new fire station. Those notes bore an interest rate of 5.125% and matured on March 27, 2025.

In January 2025, the City issued \$3,780,000 in Advanced Metering Infrastructure (AMI) Bond Anticipation Notes, Series 2025 to fund \$1,890,000 on the sewer portion of the AMI project and \$1,890,000 on the water portion of the AMI project. Those notes bore an interest rate of 3.21% and matured on March 30, 2025.

In February 2025, the City entered into a Water Pollution Control Loan Fund loan agreement with the Ohio EPA and OWDA for the 2025 Henry Street Sewer Replacement project in the maximum amount of \$1,830,843. The loan bears an interest rate of 0.00% and is expected to mature within 30 years after the initial payment. In June 2025, the City was notified that upon completion of the project the full loan amount will be forgiven as part of the Water Pollution Control Loan Fund capitalization grant.

In March 2025, the City issued \$15,764,000 in Various Purpose Bond Anticipation Notes, Series 2025 to fund \$6,960,500 in sewer line and wastewater treatment plant improvements, \$1,523,500 in water line and water treatment plant improvements, \$1,890,000 in sewer Advanced Metering Infrastructure, \$1,890,000 in water Advanced Metering Infrastructure and \$3,500,000 for constructing, furnishing, and equipping a new fire station. These notes bear an interest rate of 3.625% and mature on March 25, 2026.

In June 2025, the City entered into a cooperative borrowing agreement with OWDA for the 2025 Erie Express Pump Station Pretreatment Facility project in the maximum amount of \$8,817,200. The loan bears an interest rate of 4.30% and is expected to mature within 30 years after the initial payment.

In June 2025, the City issued \$1,254,700 in Sidewalk, Curb and Gutter Bond Anticipation Notes, Series 2025 to fund the property owners' portion of the construction of the sidewalk, curbs and gutters comprised in the 2025 Sidewalk, Curb and Gutter program. These notes bear an interest rate of 4.25% and mature on July 12, 2027.

In July 2025, the City issued \$1,140,600 in Sidewalk, Curb and Gutter Bond Anticipation Notes, Series 2024-B to fund the property owners' portion of the construction of the sidewalk, curbs and gutters comprised in the 2024 Sidewalk, Curb and Gutter program. These notes bear an interest rate of 4.50% and mature on July 17, 2026.

In September 2025, the City entered into a Water Supply Revolving Loan Account loan agreement with the Ohio EPA and OWDA for the 2025 East High Street Water Service Replacement project in the maximum amount of \$1,021,987. If the full loan amount is disbursed, it's expected that \$537,247.75 will qualify for principal forgiveness upon completion of the project. The loan bears an interest rate of 0.00% and is expected to mature within 30 years after the initial payment.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Liability					
Traditional Plan	0.122714%	0.121125%	0.123907%	0.121068%	0.121485%
Combined Plan	0.137043%	0.139564%	0.103243%	0.114791%	0.106414%
City's Proportionate Share of the Net Pension Liability	\$ 35,926,792	\$ 9,988,509	\$ 18,049,915	\$ 23,690,436	\$ 33,153,200
City's Covered Payroll	\$ 19,627,357	\$ 16,832,429	\$ 17,906,621	\$ 17,546,207	\$ 16,939,764
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	183.04%	59.34%	100.80%	135.02%	195.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
Traditional Plan	75.74%	92.62%	86.88%	82.17%	74.70%
Combined Plan	137.14%	169.88%	157.67%	145.28%	126.64%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability					
Traditional Plan	0.125273%	0.127392%	0.130971%	0.131831%	0.131831%
Combined Plan	0.115906%	0.115434%	0.111088%	0.102132%	0.102132%
City's Proportionate Share of the Net Pension Liability	\$ 19,495,176	\$ 28,864,373	\$ 22,631,750	\$ 15,860,952	\$ 15,530,442
City's Covered Payroll	\$ 17,057,585	\$ 16,888,975	\$ 16,734,158	\$ 16,746,850	\$ 16,448,185
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	114.29%	170.91%	135.24%	94.71%	94.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability					
Traditional Plan	84.66%	77.25%	81.08%	86.45%	n/a
Combined Plan	137.28%	116.55%	116.90%	114.83%	n/a

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

Notes to Schedule:

Change in assumptions. In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2019, a reduction of the discount rate was made from 7.5% to 7.2%.

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND
LAST TEN YEARS (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Liability	0.705373%	0.734558%	0.708263%	0.709940%	0.716928%
City's Proportionate Share of the Net Pension Liability	\$ 67,003,615	\$ 45,890,966	\$ 48,282,942	\$ 47,825,343	\$ 58,520,261
City's Covered Payroll	\$ 18,965,904	\$ 18,530,944	\$ 17,792,711	\$ 16,184,522	\$ 15,896,816
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	353.28%	247.65%	271.36%	295.50%	368.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.717360%	0.723647%	0.769824%	0.772681%	0.772681%
City's Proportionate Share of the Net Pension Liability	\$ 44,027,635	\$ 45,835,053	\$ 49,523,318	\$ 40,028,113	\$ 37,631,989
City's Covered Payroll	\$ 15,520,485	\$ 15,480,699	\$ 15,178,970	\$ 15,273,045	\$ 15,139,061
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	283.67%	296.08%	326.26%	262.08%	248.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	66.77%	71.71%	73.00%

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

Notes to Schedule:

Change in assumptions. In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.0%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2022, the single discount rate changed from 8.0% to 7.5%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2021. Significant changes included transition from RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 3,002,419	\$ 2,747,830	\$ 2,356,540	\$ 2,506,927	\$ 2,456,469
Contributions in Relation to the Contractually Required Contributions	<u>\$ (3,002,419)</u>	<u>\$ (2,747,830)</u>	<u>\$ (2,356,540)</u>	<u>\$ (2,506,927)</u>	<u>\$ (2,456,469)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 21,534,197	\$ 19,627,357	\$ 16,832,429	\$ 17,906,621	\$ 17,546,207
Contributions as a Percentage of Covered Payroll	13.94%	14.00%	14.00%	14.00%	14.00%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 2,371,567	\$ 2,217,486	\$ 2,026,677	\$ 2,008,099	\$ 2,009,622
Contributions in Relation to the Contractually Required Contributions	<u>\$ (2,371,567)</u>	<u>\$ (2,217,486)</u>	<u>\$ (2,026,677)</u>	<u>\$ (2,008,099)</u>	<u>\$ (2,009,622)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 16,939,764	\$ 17,057,585	\$ 16,888,975	\$ 16,734,158	\$ 16,746,850
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND
LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 4,435,390	\$ 4,042,457	\$ 3,943,081	\$ 3,780,485	\$ 3,450,944
Contributions in Relation to the Contractually Required Contributions	<u>(4,435,390)</u>	<u>(4,042,457)</u>	<u>(3,943,081)</u>	<u>(3,780,485)</u>	<u>(3,450,944)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 20,823,740	\$ 18,965,904	\$ 18,530,944	\$ 17,792,711	\$ 16,184,522
Contributions as a Percentage of Covered Payroll	21.30%	21.31%	21.28%	21.25%	21.32%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 3,385,470	\$ 3,312,173	\$ 3,294,207	\$ 3,227,919	\$ 3,249,902
Contributions in Relation to the Contractually Required Contributions	<u>(3,385,470)</u>	<u>(3,312,173)</u>	<u>(3,294,207)</u>	<u>(3,227,919)</u>	<u>(3,249,902)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 15,896,816	\$ 15,520,485	\$ 15,480,699	\$ 15,178,970	\$ 15,273,045
Contributions as a Percentage of Covered Payroll	21.30%	21.34%	21.28%	21.27%	21.28%

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1) (2)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net OPEB Liability/(Asset)	0.121515%	0.119494%	0.120546%	0.117927%	0.117953%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 766,177	\$ (3,742,742)	\$ (2,147,620)	\$ 16,288,822	\$ 15,378,276
City's Covered Payroll	\$ 19,627,357	\$ 16,832,429	\$ 17,906,621	\$ 17,546,207	\$ 16,939,764
City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	3.90%	-22.24%	-11.99%	92.83%	90.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.97%	128.23%	115.57%	47.80%	46.33%
	<u>2018</u>	<u>2017</u>			
City's Proportion of the Net OPEB Liability/(Asset)	0.121802%	0.124101%			
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 13,226,824	\$ 12,534,658			
City's Covered Payroll	\$ 17,057,585	\$ 16,888,975			
City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	77.54%	74.22%			
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%			

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

Change in assumptions. In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

In 2021, the single discount rate changed from 3.16% to 6.00% and the health care cost trend rate changed from 10.5% initial, 3.50% ultimate in 2030 to 8.5% initial, 3.50% ultimate in 2035.

In 2022, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction in wage inflation from 3.25% to 2.75%, and transition from RP-2014 mortality tables to Pub-2010 mortality tables.

In 2023, the single discount rate changed from 6.00% to 5.22% and the health care cost trend rate changed from 5.5% initial, 3.50% ultimate in 2034 to 5.5% initial, 3.50% ultimate in 2036.

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO POLICE AND FIRE PENSION FUND
LAST SEVEN YEARS (1) (2)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net OPEB Liability	0.705373%	0.734558%	0.708263%	0.709940%	0.716928%
City's Proportionate Share of the Net OPEB Liability	\$ 5,022,053	\$ 8,051,393	\$ 7,504,165	\$ 7,012,596	\$ 6,528,728
City's Covered Payroll	\$ 18,965,904	\$ 18,530,944	\$ 17,792,711	\$ 16,184,522	\$ 15,896,816
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	26.48%	43.45%	42.18%	43.33%	41.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.90%	45.42%	47.08%	46.57%
	<u>2018</u>	<u>2017</u>			
City's Proportion of the Net OPEB Liability	0.717360%	0.723647%			
City's Proportionate Share of the Net OPEB Liability	\$ 40,644,625	\$ 34,349,880			
City's Covered Payroll	\$ 15,520,485	\$ 15,480,699			
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	261.88%	221.32%			
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%			

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

Notes to Schedule:

Change in assumptions. In 2018, the single discount rate changed from 3.79% to 3.24%.

In 2019, the single discount rate changed from 3.24% to 4.66%.

In 2020, the single discount rate changed from 4.66% to 3.56%.

In 2021, the single discount rate changed from 3.56% to 2.96%.

In 2022, the single discount rate changed from 2.96% to 2.84%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2012. Significant changes included a reduction of the single discount rate from 2.84% to 4.27% and transition from the RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

Change in benefit terms. Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model, depositing stipends into individual health reimbursements accounts that retiree will use to be reimbursed for health care expenses.

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 34,983	\$ 28,460	\$ 14,910	\$ 12,695	\$ 10,849
Contributions in Relation to the Contractually Required Contributions	<u>\$ (34,983)</u>	<u>\$ (28,460)</u>	<u>\$ (14,910)</u>	<u>\$ (12,695)</u>	<u>\$ (10,849)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 21,534,197	\$ 19,627,357	\$ 16,832,429	\$ 17,906,621	\$ 17,546,207
Contributions as a Percentage of Covered Payroll	0.2%	0.1%	0.1%	0.1%	0.1%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 9,799	\$ 172,532	\$ 342,857	\$ 338,523	\$ 334,803
Contributions in Relation to the Contractually Required Contributions	<u>\$ (9,799)</u>	<u>\$ (172,532)</u>	<u>\$ (342,857)</u>	<u>\$ (338,523)</u>	<u>\$ (334,803)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 16,939,764	\$ 17,057,585	\$ 16,888,975	\$ 16,734,158	\$ 16,746,850
Contributions as a Percentage of Covered Payroll	0.1%	1.0%	2.0%	2.0%	2.0%

**CITY OF SPRINGFIELD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND
LAST TEN YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contributions	\$ 104,119	\$ 94,830	\$ 92,655	\$ 88,964	\$ 80,923
Contributions in Relation to the Contractually Required Contributions	<u>(104,119)</u>	<u>(94,830)</u>	<u>(92,655)</u>	<u>(88,964)</u>	<u>(80,923)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 20,823,740	\$ 18,965,904	\$ 18,530,944	\$ 17,792,711	\$ 16,184,522
Contributions as a Percentage of Covered Payroll	0.5%	0.5%	0.5%	0.5%	0.5%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 79,484	\$ 77,602	\$ 78,235	\$ 78,511	\$ 76,853
Contributions in Relation to the Contractually Required Contributions	<u>(79,484)</u>	<u>(77,602)</u>	<u>(78,235)</u>	<u>(78,511)</u>	<u>(76,853)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 15,896,816	\$ 15,520,485	\$ 15,480,699	\$ 15,178,970	\$ 15,273,045
Contributions as a Percentage of Covered Payroll	0.5%	0.5%	0.5%	0.5%	0.5%

CITY OF SPRINGFIELD, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL INCLUDING ENCUMBRANCES	VARIANCE WITH FINAL BUDGET
REVENUES:				
Income taxes	\$ 45,243,000	\$ 45,243,000	\$ 44,250,924	\$ (992,076)
Hotel / motel taxes	500,000	500,000	543,143	43,143
State-levied shared taxes	2,531,631	2,531,631	2,416,953	(114,678)
Intergovernmental	188,000	188,000	204,529	16,529
Charges for services	1,128,000	1,128,000	1,018,480	(109,520)
Fees, licenses and permits	983,000	983,000	795,175	(187,825)
Investment earnings	300,000	300,000	1,494,479	1,194,479
Fines and forfeitures	1,507,600	1,507,600	1,358,876	(148,724)
Miscellaneous	3,366,600	3,886,600	3,779,540	(107,060)
Total revenues	<u>55,747,831</u>	<u>56,267,831</u>	<u>55,862,099</u>	<u>(405,732)</u>
EXPENDITURES:				
Current:				
General government	17,755,289	21,637,980	18,976,180	2,661,800
Public safety	15,836,105	15,903,789	15,461,594	442,195
Health	112,200	88,400	84,150	4,250
Recreation	650,000	661,928	661,928	-
Community development	3,674,375	3,903,213	3,587,039	316,174
Highway and street	808,750	808,750	772,625	36,125
Capital outlay	20,000	90,742	41,231	49,511
Total expenditures	<u>38,856,719</u>	<u>43,094,802</u>	<u>39,584,747</u>	<u>3,510,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>16,891,112</u>	<u>13,173,029</u>	<u>16,277,352</u>	<u>3,104,323</u>
OTHER FINANCING SOURCES (USES):				
Advances in	-	-	2,407,287	2,407,287
Advances out	-	(1,269,427)	(1,230,855)	38,572
Transfers in	15,000	15,000	8,563	(6,437)
Transfers out	(16,378,170)	(18,116,043)	(18,112,063)	3,980
Total other financing sources (uses)	<u>(16,363,170)</u>	<u>(19,370,470)</u>	<u>(16,927,068)</u>	<u>2,443,402</u>
NET CHANGE IN FUND BALANCE	527,942	(6,197,441)	(649,716)	<u>\$ 5,547,725</u>
FUND BALANCE - BEGINNING	9,365,358	9,365,358	9,365,358	
PRIOR YEAR ENCUMBRANCES APPROPRIATED	<u>1,570,619</u>	<u>1,570,619</u>	<u>1,570,619</u>	
FUND BALANCE - ENDING	<u>\$ 11,463,919</u>	<u>\$ 4,738,536</u>	<u>\$ 10,286,261</u>	

See accompanying notes to the required supplementary information.

CITY OF SPRINGFIELD, OHIO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
 AMERICAN RESCUE PLAN
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL INCLUDING ENCUMBRANCES</u>	<u>VARIANCE WITH FINAL BUDGET</u>
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	14,802,115	14,802,115	-	14,802,115
Public safety	1,246,017	1,246,017	1,244,484	1,533
Community development	549,633	549,633	548,133	1,500
Capital	<u>22,904,882</u>	<u>22,904,882</u>	<u>22,625,511</u>	<u>279,371</u>
Total expenditures	<u>39,502,647</u>	<u>39,502,647</u>	<u>24,418,128</u>	<u>15,084,519</u>
 NET CHANGE IN FUND BALANCE	 (39,502,647)	 (39,502,647)	 (24,418,128)	 <u>\$ 15,084,519</u>
 FUND BALANCE - BEGINNING	 35,397,403	 35,397,403	 35,397,403	
PRIOR YEAR ENCUMBRANCES APPROPRIATED	<u>4,105,244</u>	<u>4,105,244</u>	<u>4,105,244</u>	
 FUND BALANCE - ENDING	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 15,084,519</u>	

See accompanying notes to the required supplementary information

CITY OF SPRINGFIELD, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - BUDGET (NON-GAAP) BASIS
FIRE SERVICE ENHANCEMENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL INCLUDING ENCUMBRANCES	VARIANCE WITH FINAL BUDGET
REVENUES:				
Charges for services	\$ 2,926,350	\$ 2,926,350	\$ 3,022,994	\$ 96,644
Miscellaneous	-	-	493,785	493,785
Total revenues	<u>2,926,350</u>	<u>2,926,350</u>	<u>3,516,779</u>	<u>590,429</u>
EXPENDITURES:				
Current:				
Public safety	3,226,350	17,963,441	17,392,056	571,385
Capital outlay	-	600	581	19
Total expenditures	<u>3,226,350</u>	<u>17,964,041</u>	<u>17,392,637</u>	<u>571,404</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(300,000)</u>	<u>(15,037,691)</u>	<u>(13,875,858)</u>	<u>1,161,833</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	300,000	14,600,000	14,641,270	41,270
Total other financing sources (uses)	<u>300,000</u>	<u>14,600,000</u>	<u>14,641,270</u>	<u>41,270</u>
NET CHANGE IN FUND BALANCE	-	(437,691)	765,412	<u>\$ 1,203,103</u>
FUND BALANCE - BEGINNING	1,137,159	1,137,159	1,137,159	
PRIOR YEAR ENCUMBRANCES APPROPRIATED	<u>59,396</u>	<u>59,396</u>	<u>59,396</u>	
FUND BALANCE - ENDING	<u>\$ 1,196,555</u>	<u>\$ 758,864</u>	<u>\$ 1,961,967</u>	

See accompanying notes to the required supplementary information.

CITY OF SPRINGFIELD, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Basis of Budgeting

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The City budget for all legislated funds is prepared on a cash-encumbrance basis wherein transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. All annual appropriations lapse at year-end to the extent they have not been expended or lawfully encumbered. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control. Encumbrances outstanding at year-end are reported as assignments of fund balance (in the General Fund only) and are carried forward for subsequent year expenditures. Fund Balances shown are encumbered cash balances. This basis is utilized for all interim financial statements issued during the year. All funds, except for the ODNR Grant Urban Canopy Restoration, One Ohio Opioid Settlement, Gateway Blvd Construction, Permanent Improvement Bond, and Sidewalk, Curb and Gutter Capital Projects funds, have legally adopted budgets.

The basis of budgeting differs from the generally accepted accounting principles (GAAP) used for the City's year-end financial statements contained in the annual comprehensive financial report. Under that basis of accounting, revenues are generally recognized when the obligation to the City arises. The budget basis however, recognized revenue only when cash has been received. In the comprehensive annual financial report, expenditures are generally recognized in the period in which they are incurred. Under the budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

Unencumbered appropriations lapse at year end. State law provides that no contract, agreement, or other obligation involving the expenditure of money shall be entered into unless the Finance Director first certifies that the money required for such contract, agreement, obligation, or expenditure is in the treasury, or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. (Ohio Revised Code (ORC) 5705.41)

Budget Process

The policy of the City is to have the annual operating and capital budgets approved prior to January 1 of each year.

1. The City follows procedures prescribed by State law in establishing its budgets as follows:

The City must submit a tax budget of estimated cash receipts and disbursements for all funds to the County Budget Commission by July 15 of each year for the following year, January 1 sat through December 31 sat. (ORC 5705.28)

The County Budget Commission certifies its actions by September 1 sat and issues an Official Certificate of Estimated Resources, limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available. (ORC 5705.35)

About January 1 sat, the Official Certificate of Estimated Resources is amended to reflect the actual unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the initial or amended Certificate of Estimated Resources. (ORC 5705.36)

CITY OF SPRINGFIELD, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Budget Process (continued)

2. The financial plan is updated on an annual basis, usually in September. The plan is prepared after receiving input from all departments. The plan includes all major operating funds and all major capital improvement funds of the City. The purpose of this plan is explained in the following:

Identify major policy issues for City Commission consideration prior to the preparation of the annual budget.

Establish capital project priorities and make advance preparation for the funding of projects within a five- year horizon.

Make conservative financial projections for all major operating funds and all major capital improvement funds to provide assurance that adequate funding exists for proposed projects and services.

Identify financial trends in advance or in the early stages so that timely corrective action can be taken if needed.

Communicate the City's intermediate plans to the public and provide an opportunity for the public to offer input.

3. The operating budget is recommended to the City Commission based upon the City Manager's approval of requests submitted by each department. The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Commission on an annual basis. Public hearings are held to obtain taxpayer input. The City commission enacts the budget through passage of an ordinance.

4. Modifications to the budget may be made from time to time during the budget year. Transfers of appropriations can be made within budget levels of personal service and other service (character level) within a division and fund without City Commission action, but with responsible management approval. Any other changes or supplemental appropriations must be approved by City Commission. Expenditures cannot legally exceed appropriations at the character level within a division and fund. During 2022, various transfers of appropriations and supplemental appropriations were made.

Reconciliation of GAAP Basis to Budget Basis

While the City is reporting financial position, results of operations, and change in fund balances based on generally accepted accounting principles (GAAP), the budgetary basis, as provided by State law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54, and were reported with the General Fund (GAAP basis).

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as an expenditure when liquidated (GAAP basis).

CITY OF SPRINGFIELD, OHIO
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

Reconciliation of GAAP Basis to Budget Basis (continued)

The following summarizes the adjustments necessary to reconcile the GAAP basis statement and the budgetary basis schedule for the General, Fire Service Enhancement and American Rescue Plan Funds:

	<u>GENERAL FUND</u>	<u>AMERICAN RESCUE PLAN</u>	<u>FIRE SERVICE ENHANCEMENT</u>
Net change in fund balance - GAAP Basis	\$ 2,545,589	\$ -	\$ 872,182
Increase / (decrease):			
Due to inclusion of the other funds	2,143	-	-
Due to revenues	(502,279)	(13,751,935)	(20,137)
Due to expenditures	(2,091,998)	295,730	155,639
Due to encumbrances	(1,752,373)	(10,962,013)	(233,272)
Due to other financing sources/uses	<u>1,149,202</u>	<u>-</u>	<u>(9,000)</u>
Net change in fund balance - Budget Basis	<u>\$ (649,716)</u>	<u>\$ (24,418,218)</u>	<u>\$ 765,412</u>



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

City Commission
City of Springfield
76 East High Street
Springfield, Ohio 45502

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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, Ohio (the "City"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Springfield, Ohio
December 8, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Commission
City of Springfield
76 East High Street
Springfield, Ohio 45502

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Springfield, 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, 2023. 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the 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 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 express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 and 2023-003, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
December 8, 2025

CITY OF SPRINGFIELD
CLARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Entity Number	Assistance Listing Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF COMMERCE				
<i>Direct</i>				
Economic Development Cluster:				
COVID-19 - Economic Adjustment Assistance	(1)	11.307	\$ -	791,030
Total Economic Development Cluster			-	791,030
Total U.S. Department of Commerce			-	791,030
U.S. DEPARTMENT OF DEFENSE				
<i>Direct</i>				
Community Investment	(1)	12.600	-	4,397,786
Total U.S. Department of Defense			-	4,397,786
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants:				
COVID-19 - Community Development Block Grants/Entitlement Grants 2020	(1)	14.218	-	674,310
Community Development Block Grants/Entitlement Grants B-18-MC-39-0019	(1)	14.218	-	426,916
Community Development Block Grants/Entitlement Grants B-19-MC-39-0019	(1)	14.218	-	124,967
Community Development Block Grants/Entitlement Grants B-20-MC-39-0019	(1)	14.218	-	121,943
Total CDBG - Entitlement Grants Cluster			881,593	1,348,136
Home Investment Partnerships Program:				
Home Investment Partnerships Program M-16-MC-39-0218	(1)	14.239	-	50,139
Home Investment Partnerships Program M-17-MC-39-0218	(1)	14.239	-	180,226
Home Investment Partnerships Program M-18-MC-39-0218	(1)	14.239	-	89,886
Home Investment Partnerships Program M-19-MC-39-0218	(1)	14.239	-	186,407
Home Investment Partnerships Program M-20-MC-39-0218	(1)	14.239	-	128,527
Home Investment Partnerships Program M-21-MC-39-0218	(1)	14.239	-	70,954
Home Investment Partnerships Program M-22-MC-39-0218	(1)	14.239	-	8,844
Home Investment Partnerships Program	(1)	14.239	-	280,260
Total Home Investment Partnerships Program			986,399	995,243
Emergency Solutions Grant Program	(1)	14.231	-	139,020
Neighborhood Stabilization Program (Recovery Act Funded)	(1)	14.256	-	3,758
Total U.S. Department of Housing and Urban Development			1,867,992	2,486,157
U.S. DEPARTMENT OF JUSTICE				
<i>Direct</i>				
Bulletproof Vest Partnership Program	(1)	16.607	-	9,315
Edward Byrne Memorial Justice Assistance Grant Program:				
Edward Byrne Memorial Justice Assistance Grant Program (20JAG)	(1)	16.738	-	6,126
Edward Byrne Memorial Justice Assistance Grant Program (21JAG)	(1)	16.738	-	18,097
Edward Byrne Memorial Justice Assistance Grant Program (22JAG)	(1)	16.738	-	12,148
Total Edward Byrne Memorial Justice Assistance Grant Program			16,704	36,371
Equitable Sharing Program	(1)	16.922	-	155,599
Total U.S. Department of Justice			16,704	201,285
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct - Federal Aviation Administration</i>				
Airport Improvement Program:				
COVID-19 - Airport Improvement Program #3-39-0072-030-2021 (CARES Act)	(1)	20.106	-	59,000
COVID-19 - Airport Improvement Program #3-39-0072-028-2021 (ARPA)	(1)	20.106	-	23,000
Airport Improvement Program #3-39-0072-026-2020 (Runway Improv)	(1)	20.106	-	34,861
Airport Improvement Program #3-39-0072-031-2023 (Runway Rehab Sup)	(1)	20.106	-	552,157
Airport Improvement Program #3-39-0072-032-2023 (Runway Rehab AIP)	(1)	20.106	-	582,519
Total Airport Improvement Program			-	1,251,537

(continued)

CITY OF SPRINGFIELD
CLARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Entity Number	Assistance Listing Number	Passed Through to Subrecipients	Expenditures
<i>Direct - Federal Transit Administration</i>				
Federal Transit Cluster:				
Federal Transit Formula Grants	(1)	20.507	\$ -	1,679,463
Total Federal Transit Cluster			<u>-</u>	<u>1,679,463</u>
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction:				
CLA - Yellow Springs St. Recon Ph.1	PID #109491 (2)	20.205	-	898,598
CLA - Propane Mower	PID #114182 (2)	20.205	-	24,421
Total Highway Planning and Construction			<u>-</u>	<u>923,019</u>
<i>Passed through Ohio Department of Public Safety</i>				
Highway Safety Cluster:				
State and Community Highway Safety Program - #STEP-2023	N/A (2)	20.600	-	14,080
State and Community Highway Safety Program - #STEP-2024	N/A (2)	20.600	-	4,100
Total Highway Safety Cluster			<u>-</u>	<u>18,180</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated:				
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - #IDEP-2021-Springfield Police Dept.-00049	N/A (2)	20.608	-	11,747
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - #IDEP-2023-Springfield Police Dept.-00048	N/A (2)	20.608	-	4,239
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated			<u>-</u>	<u>15,986</u>
Total U.S. Department of Transportation			<u>-</u>	<u>3,888,185</u>
U.S. DEPARTMENT OF THE TREASURY				
<i>Direct</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	(1)	21.027	347,575	13,456,115
<i>Passed through Ohio Department of Public Safety</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - City of Springfield Violent-Firearms Reduction				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Law Enforcement Body Worn Cameras-Springfield, OH	N/A (2)	21.027	-	204,600
	N/A (2)	21.027	-	162,586
<i>Passed through the Ohio Emergency Management Agency</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - ARPA First Responder Incentive Grant - AFRR-469-RET				
	N/A (2)	21.027	-	440,000
Total COVID-19 - Coronavirus State and Local Fiscal Recovery Funds			<u>347,575</u>	<u>14,263,301</u>
Total U.S. Department of the Treasury			<u>347,575</u>	<u>14,263,301</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Direct</i>				
Assistance to Firefighters Grant - EMW-2021-FG-11223	(1)	97.044	-	43,309
Total U.S. Department of Homeland Security			<u>-</u>	<u>43,309</u>
Total Federal Awards Expenditures			<u>\$ 2,232,271</u>	<u>26,071,053</u>

(1) Direct award
(2) Pass-through award

See accompanying notes the schedule of expenditures of federal awards.

**CITY OF SPRINGFIELD
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Springfield (the City) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – ECONOMIC ADJUSTMENT ASSISTANCE PROGRAM (EDA)

The City has a COVID-19 EDA RLF under the Economic Adjustment Assistance Program, ALN 11.307. The calculation to arrive at the COVID-19 RLF amount shown on the Schedule as of December 31, 2023 is as follows:

COVID-19 RLF Loans Outstanding	\$ 611,449
COVID-19 RLF Cash/Investment Balance	167,861
Administrative Expenses 2023	11,720
Unpaid Principal Written Off 2023	<u>-</u>
Total	791,030
Federal Share	<u>100.00%</u>
RLF Federal Expenditures	\$ <u>791,030</u>

NOTE 4 – SUBRECIPIENT PAYMENTS

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development and other federal agencies to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE 5 - MATCHING REQUIREMENTS

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

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None noted
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes

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)? Yes

Identification of major programs:

- ALN 14.239 – Home Investment Partnerships Program
- ALN 20.106 – Airport Improvement Grant
- ALN 20.205 – Highway Planning and Construction
- ALN 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold to distinguish between Type A and Type B programs: \$782,132

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

2023-001: Financial Reporting – Material Weakness

Condition: The audit identified multiple adjustments required to correct errors in the financial statements and the schedule of expenditures of federal awards (SEFA). These adjustments were necessary to ensure accurate presentation in accordance with accounting principles generally accepted in the United States of America (GAAP) and 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).

Criteria: Management is responsible for maintaining effective internal controls over financial reporting to ensure that financial statements and the SEFA are complete and accurately presented in accordance with GAAP and the Uniform Guidance.

Cause: Existing internal controls did not prevent or detect material misstatements prior to the audit. Year-end closing procedures, account reconciliations, and SEFA preparation lacked sufficient review and oversight.

Effect: Material misstatements were present in the financial statements and the SEFA prior to audit adjustments. Absent these corrections, the financial statements and SEFA would not have been presented fairly in accordance with GAAP and the Uniform Guidance.

Recommendation: We recommend that management strengthen internal controls by enhancing review procedures for year-end closing entries to ensure accuracy and completeness, conducting timely and thorough reconciliations of all significant accounts throughout the year, and establishing a documented process for preparing and reviewing the SEFA to ensure compliance with the Uniform Guidance. In addition, management should work closely with the third-party GAAP compiler to ensure that all financial data is accurately converted and reviewed prior to final reporting. This collaboration should include clear timelines, documented review protocols, and communication checkpoints to confirm that adjustments and conversions are properly reflected in the financial statements and SEFA.

Management's Response: *See management's response in City's Corrective Action Plan.*

Section III – Federal Awards Findings and Questioned Costs

2023-002 – Reporting – Coronavirus State and Local Fiscal Recovery Funds

ALN 21.027

U.S. Department of the Treasury

Criteria: The U.S. Department of the Treasury established reporting requirements for local government recipients of Coronavirus State and Local Fiscal Recovery Fund (SLFRF). Recipients are required to submit quarterly Project and Expenditure Reports through the Treasury's reporting portal by the last day of the month following the end of each quarter.

Condition: The City submitted all required quarterly reports for 2023; however, each report was filed after the required deadline. Reports were submitted within 60 days after quarter end, rather than by the last day of the subsequent month as required.

Context: Our review confirmed that all reports were eventually filed, but none met the prescribed timeline.

Cause: Lack of knowledge and insufficient internal controls over SLFRF reporting requirements.

Effect: The City was not in compliance with federal reporting requirements, which may increase the risk of questioned costs or impact future funding.

Repeat Finding: Yes. Prior Year Finding 2022-001.

Recommendation: We recommend the City strengthen internal controls over SLFRF reporting requirements, including assigning responsibility for monitoring and reporting program activity to appropriate individuals and ensuring those individuals understand Treasury deadlines and portal requirements.

Management's Response: *See management's response in City's Corrective Action Plan.*

2023-003 – Housing Quality Standards– HOME Investment Partnerships Program

ALN 14.239

U.S. Department of Housing and Urban Development

Criteria: Per 24 CFR §92.504(d), participating jurisdictions must monitor HOME-assisted properties to ensure compliance with HUD property standards throughout the affordability period. Inspections of HOME-assisted rental units must occur initially within 12 months of project completion and at least every three years during the affordability period.

Condition: The City did not perform required property inspections within the prescribed timeframe. Scheduled inspections during 2023 were not completed as required by 24 CFR §92.504(d).

Context: Our review of the City's Consolidated Annual Performance and Evaluation Report and inspection records indicated that inspections scheduled for 2023 were missed due to staffing shortages following personnel transitions.

Cause: Inadequate internal controls over inspection scheduling and insufficient staffing resources.

Effect: Failure to perform inspections increases the risk that properties may not meet HUD standards, potentially resulting in unsafe living conditions, noncompliance with federal requirements, and exposure to HUD findings or repayment of funds.

Repeat Finding: No.

Recommendation: We recommend the City implement a tracking system for inspection due dates, assign responsibility for monitoring compliance, conduct overdue inspections immediately, and update policies to address staff turnover contingencies.

Management's Response: See *management's response in City's Corrective Action Plan*.



**CITY OF SPRINGFIELD
CLARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2023**

2022-001 – Reporting – Coronavirus State and Local Fiscal Recovery Funds

ALN 21.027

U.S. Department of the Treasury

The City had multiple errors in the accuracy of the amounts reported on the quarterly Project and Expenditure Reports. In addition, the City did not complete the required program reporting for the fourth quarter of 2022.

Status: Partially Corrected. While all reports were accurately filed in 2023, timeliness issues persisted. Repeated as Finding 2023-002.



FINANCE

CITY OF SPRINGFIELD CLARK COUNTY

CORRECTIVE ACTION PLAN 2 CFR 200.511(c) DECEMBER 31, 2023

Finding Number: 2023-001

Planned Corrective: Management acknowledges the material weakness related to financial reporting and Schedule of Expenditures of Federal Awards (SEFA) preparation and is committed to addressing these issues. The City will enhance review procedures for all year-end closing entries to ensure accuracy and completeness before submission to the GAAP conversion process. Monthly reconciliations of significant accounts will be performed and documented, with supervisory review added to verify accuracy. Additionally, the City will collaborate closely with its third-party GAAP compiler to improve the accuracy of financial statements by establishing clear timelines, documented review checkpoints, and regular communication to resolve discrepancies promptly. A written procedure will also be developed for preparing and reviewing the SEFA to ensure compliance with Uniform Guidance, including cross-verification with grant records and reconciliation to the general ledger. All corrective actions will be implemented prior to the current year-end.

**Anticipated
Completion Date:** December 31, 2025

**Responsible
Contact Person:** Katie Eviston, Finance Director, (937) 324-7700

Finding Number: 2023-002

Planned Corrective: Management acknowledges the control deficiency and noncompliance related to submitting quarterly Project and Expenditure Reports to the Treasury and understands the importance of complying with these requirements for transparency and accountability. The City will provide training to staff on SLFRF reporting requirements and deadlines, implement written policies and procedures to ensure timely submission of all reports, including establishing a compliance calendar with automated reminders and maintaining a reporting log to track submission dates.

**Anticipated
Completion Date:** December 31, 2025

**Responsible
Contact Person:** Katie Eviston, Finance Director, (937) 324-7700



FINANCE

CITY OF SPRINGFIELD CLARK COUNTY

CORRECTIVE ACTION PLAN (CONTINUED) 2 CFR 200.511(c) DECEMBER 31, 2023

Finding Number: 2023-003

Planned Corrective: Management acknowledges the deficiency related to Housing Quality Standards inspections and is committed to ensuring compliance with 24 CFR §92.504(d). The City will review and update its existing tracking systems to ensure inspection due dates for all HOME-assisted properties are accurately monitored, and will confirm that responsibility for scheduling and completing inspections is clearly assigned to a designated staff member within the Community Development department. Overdue inspections will be completed promptly, with results documented in accordance with HUD requirements. In addition, the City will review and revise current policies and procedures to strengthen inspection scheduling, address staff turnover contingencies, and improve compliance monitoring. Staff will receive updated training on HUD property standards and inspection requirements to ensure ongoing compliance. Progress will be monitored quarterly, and updates will be provided to management and the governing body.

**Anticipated
Completion Date:** December 31, 2025

**Responsible
Contact Person:** Logan Cobbs, Community Development Director, (937) 324-7381



OHIO AUDITOR OF STATE KEITH FABER



CITY OF SPRINGFIELD

CLARK 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 2/24/2026

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

This report is a matter of public record and is available online at
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