CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF URBANA
CHAMPAIGN COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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City Council
City of Urbana
205 S. Main Street
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We have reviewed the *Independent Auditors' Report* of the City of Urbana, Champaign County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

October 07, 2025

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INDEPENDENT AUDITORS' REPORT

City of Urbana
Champaign County
205 S. Main Street
Urbana, Ohio 43078

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, 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, budgetary comparison schedules, and the required pension and OPEB 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 June 27, 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 City's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2025

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As management of the City of Urbana (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, 2024.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by approximately $55.2 million (net position).
- The City's net position increased by approximately $7.3 million during the year.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of approximately $16.4 million, an increase of $1.1 million in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist 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 similar to a 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 reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, health, leisure time activities, community development, transportation, and general government. The business-type activities of the City include water distribution, sewage collection, storm water distribution, and recycling.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the City'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 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 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police and Fire Levy Fund, Capital Improvement Fund, ODOT Tap Grant Fund, and Neighborhood Curb, Gutter, and Sidewalk Fund and each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds. The City utilizes only one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, sewage collection, storm water distribution, and recycling activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each major enterprise fund.

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

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with budgetary law, as well as the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees.

Government-Wide Financial Analysis

Table 1 shows the detail of the City's net position at December 31, 2024 and 2023.

	Governmental Activities			Business-Type Activities		
	2024	2023	Change	2024	2023	Change
Assets						
Current & Other Assets	$ 20,624,817	$ 20,757,346	$ (132,529)	$ 6,245,308	$ 8,062,243	$ (1,816,935)
Net OPEB Asset	133,981	-	133,981	47,074	-	47,074
Capital Assets	26,500,681	21,686,325	4,814,356	43,416,603	42,102,168	1,314,435
Total Assets	47,259,479	42,443,671	4,815,808	49,708,985	50,164,411	(455,426)
Deferred Outflows of Resources						
Asset Retirement Obligation	19,425	19,425	-	-	-	-
Pension & OPEB	5,271,269	7,021,017	(1,749,748)	496,438	719,839	(223,401)
Total Deferred Outflows of Resources	5,290,694	7,040,442	(1,749,748)	496,438	719,839	(223,401)
Liabilities						
Current & Other Liabilities	1,896,146	2,377,437	(481,291)	186,514	849,807	(663,293)
Long-Term Liabilities:						
Due Within One Year	214,427	352,330	(137,903)	2,130,231	2,028,027	102,204
Due In More Than One Year:						
Net Pension Liability	15,110,966	16,295,585	(1,184,619)	1,368,325	1,487,967	(119,642)
Net OPEB Liability	847,655	969,651	(121,996)	-	32,031	(32,031)
Other Amounts	1,771,551	1,773,403	(1,852)	21,264,108	23,496,693	(2,232,585)
Total Liabilities	19,840,745	21,768,406	(1,927,661)	24,949,178	27,894,525	(2,945,347)
Deferred Inflows of Resources						
Property Taxes	772,783	748,046	24,737	-	-	-
Leases	56,194	112,389	(56,195)	160,562	197,266	(36,704)
Pension & OPEB	1,758,881	1,734,853	24,028	37,244	45,174	(7,930)
Total Deferred Inflows of Resources	2,587,858	2,595,288	(7,430)	197,806	242,440	(44,634)
Net Position						
Net Investment in Capital Assets	24,347,031	19,817,165	4,529,866	20,842,100	16,043,544	4,798,556
Restricted	10,032,702	9,459,250	573,452	47,074	-	47,074
Unrestricted	(4,258,163)	(4,155,996)	(102,167)	4,169,265	6,703,741	(2,534,476)
Total Net Position	$ 30,121,570	$ 25,120,419	$ 5,001,151	$ 25,058,439	$ 22,747,285	$ 2,311,154

By far the largest portion of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net position represents resources that are subject to external restrictions on how they may be used.

Capital assets for governmental activities experienced a notable increase, primarily attributable to the initiation of a new construction project and increased expenditures related to construction in progress on existing projects.

Other amounts due in more than one year for business-type activities decreased during the year. This reduction was primarily the result of debt repayments exceeding any new debt issuances or additions, leading to an overall decline in outstanding obligations.

There was a change in net pension/OPEB amounts for the City. These fluctuations are due to changes in the actuarial liabilities and related accruals that are passed through to the City's financial statements.

Current and other assets for business-type activities changed in 2024, primarily reflecting shifts in equity and pooled cash and investments. These changes were largely driven by higher expenditure levels during the year.

There was a significant decrease in current and other liabilities for business-type activities. This decrease is due to the decrease in contracts payable for active projects in 2024.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2024 and 2023.

	Governmental Activities			Business-Type Activities		
	2024	2023	Change	2024	2023	Change
Revenues						
Program Revenues						
Charges for Services	$ 2,988,101	$ 2,713,419	$ 274,682	$ 7,008,492	$ 6,762,772	$ 245,720
Operating Grants	976,972	1,054,963	(77,991)	-	-	-
Capital Grants	4,913,261	1,886,792	3,026,469	2,001,461	1,509,309	492,152
Total Program Revenues	8,878,334	5,655,174	3,223,160	9,009,953	8,272,081	737,872
General Revenues						
Income Taxes	7,702,841	7,540,809	162,032	-	-	-
Property and Other Local Taxes	844,188	915,032	(70,844)	-	-	-
Unrestricted Grants	490,784	484,893	5,891	-	-	-
Investment Earnings	191,026	172,559	18,467	5,029	5,847	(818)
Other	670,507	392,087	278,420	-	-	-
Total General Revenues	9,899,346	9,505,380	393,966	5,029	5,847	(818)
Total Revenues	18,777,680	15,160,554	3,617,126	9,014,982	8,277,928	737,054
Program Expenses						
General Government	3,500,619	3,703,947	(203,328)	-	-	-
Public Safety	6,789,373	7,094,513	(305,140)	-	-	-
Public Health	307,163	294,222	12,941	-	-	-
Leisure Time Services	508,784	470,645	38,139	-	-	-
Community Development	136,335	230,739	(94,404)	-	-	-
Basic Utility Service	7,300	3,650	3,650	-	-	-
Transportation	2,504,063	3,066,003	(561,940)	-	-	-
Interest and Fiscal Charges	22,892	21,431	1,461	-	-	-
Water	-	-	-	2,423,429	2,379,788	43,641
Sewer	-	-	-	3,881,933	3,423,595	458,338
Storm Water	-	-	-	168,333	152,753	15,580
Recycling Program	-	-	-	230,133	213,697	16,436
Total Expenses	13,776,529	14,885,150	(1,108,621)	6,703,828	6,169,833	533,995
Change in Net Position	5,001,151	275,404	4,725,747	2,311,154	2,108,095	203,059
Net Position Beginning of Year	25,120,419	24,845,015	275,404	22,747,285	20,639,190	2,108,095
Net Position End of Year	$ 30,121,570	$ 25,120,419	$ 5,001,151	$ 25,058,439	$ 22,747,285	$ 2,311,154

Governmental Activities Governmental activities increased the City's net position. This increase is primarily the result of an increase in capital grants revenues from the Ohio Department of Transportation (ODOT). Total expenses decreased in comparison with the prior year. A key component of this decrease is due to an decrease in pension and OPEB expense. The changes are primarily associated to changes in the City's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

Business-type Activities Business-type activities increased the City's net position. This increase represents the amount in which user charges and grants exceeded operating costs. Surplus funds will be used for future capital projects and debt payments.

Financial Analysis of the Government's Funds

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

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

The schedule below indicates the ending fund balance of major funds as of December 31, 2024 and 2023.

	Fund Balance 12/31/2024	Fund Balance 12/31/2023	Change
General	$ 6,743,393	$ 6,164,710	$ 578,683
Police and Fire Levy	1,443,195	1,751,703	(308,508)
Capital Improvement	2,372,375	2,250,263	122,112
ODOT Tap Grant	-	(102,898)	102,898
Neighboorhood Curb, Gutter and Sidewalk	(602,611)	(639,700)	37,089

The fund balance of the City's general fund increased during the current year. This increase represents the amount in which revenues exceeded expenditures and transfers to other funds. This was largely driven by an increase in income taxes and charges for services.

The *Police and Fire Levy Fund* accounts for the income tax for additional patrolmen and firefighters that the General Fund is unable to financially support. The police and fire levy fund's fund balance decreased during the current year. This decrease represents the amount by which public safety expenditures during the year exceeded income tax revenues and other revenues.

The *Capital Improvement Fund* accounts for the accumulation of financial resources to be used for the acquisition or construction of capital assets as well as to service debt. The Capital Improvement Fund's fund balance increased during the current year. This increase represents the amount by which income tax and intergovernmental revenues as well as transfers exceeded capital outlays, transportation and debt service expenditures. These changes are due to the timing of revenue and capital projects.

The *ODOT TAP Grant* accounts for the funding provided by the Ohio Department of Transportation (ODOT) for projects defined as transportation alternatives. This is a cost reimbursement grant. Therefore, the fund balance increased in the current year as reimbursements for expenditures were received.

The *Neighborhood Curb, Gutter, and Sidewalk Fund* accounts for the accumulation of funds to finance repairs and replacements of curbs, gutters, and sidewalks. The increase represents the amount by which all special assessments exceeded capital outlay.

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

	Total Net Position 12/31/2024	Total Net Position 12/31/2023	Increase
Water Revenue	$ 11,127,282	$ 9,739,355	$ 1,387,927
Sewer Revenue	11,761,571	11,609,564	152,007

The total net position in both the Water Revenue Fund and Sewer Revenue Fund increased in comparison with the prior year. The increase for the Water Fund represents the amount in which charges for services and capital contributions exceeded personal services, contractual services, materials and supplies, depreciation, and interest expenses. The increase in the Sewer Fund represents the amount in which charges for services and capital contributions exceeded personal services, contractual services, material and supplies depreciation, and interest expenses.

Budget Information

General Fund

The City's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

There was no change between the original and final revenue estimates. Actual revenue exceeded final revenue estimates as a result of greater than expected income tax revenues.

Final appropriations were higher than the original resolution, and the final amended appropriations exceeded actual expenditures.

Capital Assets and Debt Administration

Capital Assets

Governmental activities' investment in capital assets increased in comparison with the prior year. This increase represents the amount in which current year capital asset additions exceeded depreciation. During the year, construction in progress increased due to the continued construction on the South High Street Project and due to the new construction started on the Salt Barn Project.

Business-type activities' investment in capital assets increased in comparison with the prior year. This increase represents the amount in which current year capital asset additions exceeded depreciation during the year. During the year, the City continued construction on the water, sewer and storm drainage portion of the South High Street Project and the Booster Station Project, resulting in an increase in construction in progress.

Detailed information regarding capital asset activity is included in the Note 10 to the basic financial statements.

Debt

At year end, the City's governmental activities' direct placements and borrowings outstanding decreased in comparison with the prior year. This decrease represents principal payments exceeding a new financing made during the year.

At year end, the City's proprietary activities' long-term obligations outstanding decreased in comparison with the prior year due to scheduled principal payments.

Detailed information regarding long-term debt is included in Note 11 to the basic financial statements.

Contacting the City Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact the Finance Director, 225 South Main Street, Urbana, Ohio 43078.

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City of Urbana
Champaign County, Ohio
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	$ 14,539,895	$ 4,984,036	$ 19,523,931
Income Taxes Receivable	1,541,328	-	1,541,328
Property Taxes Receivable	793,122	-	793,122
Other Local Taxes	3,271	-	3,271
Accounts Receivable	399,135	815,429	1,214,564
Notes Receivable	365,010	-	365,010
Due from Other Governments	1,888,590	-	1,888,590
Leases Receivable	58,076	168,864	226,940
Special Assessments Receivable	867,655	21,926	889,581
Materials and Supplies Inventory	168,735	255,053	423,788
Net OPEB Asset	133,981	47,074	181,055
Non-Depreciable Capital Assets	9,918,982	4,392,983	14,311,965
Depreciable Capital Assets, net	16,581,699	39,023,620	55,605,319
Total Assets	47,259,479	49,708,985	96,968,464
Deferred Outflows of Resources			
Asset Retirement Obligation	19,425	-	19,425
Pension	4,666,338	455,986	5,122,324
OPEB	604,931	40,452	645,383
Total Deferred Outflows of Resources	5,290,694	496,438	5,787,132
Liabilities			
Accounts Payable	11,919	23,530	35,449
Accrued Wages and Benefits	272,142	51,197	323,339
Contracts Payable	1,348,333	-	1,348,333
Retainage Payable	-	75,336	75,336
Payroll Withholdings Payable	17,690	-	17,690
Due to Other Governments	246,062	36,451	282,513
Long-Term Liabilities:			
Due Within One Year	214,427	2,130,231	2,344,658
Due In More Than One Year:			
Net Pension Liability	15,110,966	1,368,325	16,479,291
Net OPEB Liability	847,655	-	847,655
Other Amounts Due in More Than One Year	1,771,551	21,264,108	23,035,659
Total Liabilities	19,840,745	24,949,178	44,789,923
Deferred Inflows of Resources			
Property and Other Local Taxes Levied for the Next Year	772,783	-	772,783
Leases	56,194	160,562	216,756
Pension	888,610	9,399	898,009
OPEB	870,271	27,845	898,116
Total Deferred Inflows of Resources	2,587,858	197,806	2,785,664
Net Position			
Net Investment in Capital Assets	24,347,031	20,842,100	45,189,131
Restricted for:			
Capital Projects	6,155,567	-	6,155,567
Transportation Programs	1,233,371	-	1,233,371
Public Safety Programs	1,860,598	-	1,860,598
Debt Services	139,276	-	139,276
Permanent Endowments	103,529	-	103,529
Grant Programs	114,834	-	114,834
Other Purposes	425,527	47,074	472,601
Unrestricted	(4,258,163)	4,169,265	(88,898)
Total Net Position	$ 30,121,570	$ 25,058,439	$ 55,180,009

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Activities
For the Year Ended December 31, 2024

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government	$ 3,500,619	$ 1,071,577	$ -	$ 209,113
Public Safety	6,789,373	1,430,940	132,678	-
Public Health	307,163	180,940	-	-
Leisure Time Services	508,784	76,322	-	55,361
Community Development	136,335	9,926	-	-
Basic Utility Service	7,300	-	162	-
Transportation	2,504,063	218,396	844,132	4,648,787
Interest and Fiscal Charges	22,892	-	-	-
Total Governmental Activities	13,776,529	2,988,101	976,972	4,913,261
Business-Type Activities				
Water	2,423,429	2,685,811	-	1,181,631
Sewer	3,881,933	3,787,725	-	349,830
Storm Water	168,333	312,380	-	470,000
Recycling Program	230,133	222,576	-	-
Total Business-Type Activities	6,703,828	7,008,492	-	2,001,461
Total	$ 20,480,357	$ 9,996,593	$ 976,972	$ 6,914,722

General Revenues
Property Taxes
Income Taxes
Other Local Taxes
Grants and Contributions Unrestricted
Investment Earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (2,219,929)	$ -	$ (2,219,929)
(5,225,755)	-	(5,225,755)
(126,223)	-	(126,223)
(377,101)	-	(377,101)
(126,409)	-	(126,409)
(7,138)	-	(7,138)
3,207,252	-	3,207,252
(22,892)	-	(22,892)
(4,898,195)	-	(4,898,195)
-	1,444,013	1,444,013
-	255,622	255,622
-	614,047	614,047
-	(7,557)	(7,557)
-	2,306,125	2,306,125
$ (4,898,195)	$ 2,306,125	$ (2,592,070)
798,150	-	798,150
7,702,841	-	7,702,841
46,038	-	46,038
490,784	-	490,784
191,026	5,029	196,055
670,507	-	670,507
9,899,346	5,029	9,904,375
5,001,151	2,311,154	7,312,305
25,120,419	22,747,285	47,867,704
$ 30,121,570	$ 25,058,439	$ 55,180,009

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Balance Sheet
Governmental Funds
December 31, 2024

	General	Police and Fire Levy	Capital Improvement	ODOT TAP Grant	Neighboorhood Curb, Gutter and Sidewalk	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Investments	$ 5,919,421	$ 1,244,678	$ 2,120,822	$ -	$ 42,389	$ 5,212,585	$ 14,539,895
Income Taxes Receivable	825,689	330,307	275,281	-	-	110,051	1,541,328
Property Taxes Receivable	648,089	-	-	-	-	145,033	793,122
Other Local Taxes Receivable	-	-	-	-	-	3,271	3,271
Accounts Receivable	312,562	-	3,036	-	-	83,537	399,135
Due from Other Governments	237,188	-	-	765,569	-	885,833	1,888,590
Notes Receivable	-	-	-	-	-	365,010	365,010
Special Assessments Receivable	-	-	-	-	867,655	-	867,655
Leases Receivable	-	-	-	-	-	58,076	58,076
Due from Other Funds	48,264	-	-	-	-	-	48,264
Advances to Other Funds	70,500	-	-	-	-	645,000	715,500
Materials and Supplies Inventory	39,548	-	-	-	-	129,187	168,735
Total Assets	$ 8,101,261	$ 1,574,985	$ 2,399,139	$ 765,569	$ 910,044	$ 7,637,583	$ 21,388,581
Liabilities							
Accounts Payable	$ 10,810	$ -	$ -	$ -	$ -	$ 1,109	$ 11,919
Accrued Wages and Benefits	177,876	62,330	-	-	-	31,936	272,142
Contracts Payable	-	-	13,920	765,569	-	568,844	1,348,333
Payroll Withholdings Payable	17,690	-	-	-	-	-	17,690
Due to Other Governments	163,458	54,048	-	-	-	28,556	246,062
Due to Other Funds	-	-	-	-	-	48,264	48,264
Advances from Other Funds	-	-	-	-	645,000	70,500	715,500
Total Liabilities	369,834	116,378	13,920	765,569	645,000	749,209	2,659,910
Deferred Inflows of Resources							
Property and Other Local Taxes Levied for the Next Year	631,448	-	-	-	-	141,335	772,783
Leases	-	-	-	-	-	56,194	56,194
Unavailable Revenue	356,586	15,412	12,844	-	867,655	276,659	1,529,156
Total Deferred Inflows of Resources	988,034	15,412	12,844	-	867,655	474,188	2,358,133
Fund Balances							
Nonspendable	132,787	-	-	-	-	129,187	261,974
Restricted	-	1,443,195	2,372,375	-	-	4,127,795	7,943,365
Committed	-	-	-	-	-	438,299	438,299
Assigned	111,860	-	-	-	-	1,827,371	1,939,231
Unassigned	6,498,746	-	-	-	(602,611)	(108,466)	5,787,669
Total Fund Balance (Deficit)	6,743,393	1,443,195	2,372,375	-	(602,611)	6,414,186	16,370,538
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,101,261	$ 1,574,985	$ 2,399,139	$ 765,569	$ 910,044	$ 7,637,583	$ 21,388,581

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2024

Total Governmental Fund Balances		$ 16,370,538
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		26,500,681
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Income Taxes Receivable	$ 71,916	
Delinqent Property Taxes	20,339	
Due From Other Governments	420,553	
Accounts Receivable - Ambulance	130,647	
Accounts Receivable - Cemetery	18,046	
Special Assessments Receivable	867,655	1,529,156
The net pension liability and net OPEB asset/liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	133,981	
Deferred Outflows - Pension	4,666,338	
Deferred Outflows - OPEB	604,931	
Net Pension Liability	(15,110,966)	
Net OPEB Liability	(847,655)	
Deferred Inflows - Pension	(888,610)	
Deferred Inflows - OPEB	(870,271)	(12,312,252)
Long-term liabilities are not due and payable in the current period and therefore, the liabilities and related deferred inflows/outflows of resources are not reported in the governmental funds.		
General Obligation Debt	(522,201)	
OPWC Loans	(116,381)	
Loans	(166,734)	
Deferred Outflow Asset Retirement	19,425	
Asset Retirement Obligation	(45,000)	
Compensated Absences	(1,135,662)	(1,966,553)
Net Position of Governmental Activities		$ 30,121,570

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2024

	General	Police and Fire Levy	Capital Improvement	ODOT TAP Grant	Neighboorhood Curb, Gutter and Sidewalk	Other Governmental Funds	Total Governmental Funds
Revenues							
Income Taxes	$ 4,636,732	$ 1,688,955	$ 1,407,487	$ -	$ -	$ 562,936	$ 8,296,110
Property Taxes	631,448	-		-	-	168,400	799,848
Other Local Taxes	22,906	-	-	-	-	23,132	46,038
Intergovernmental	476,089	-	63,230	2,472,324	-	3,242,776	6,254,419
Special Assessments	-	-	8,512	-	208,533	-	217,045
Charges for Services	1,626,294	-	-	-	-	354,828	1,981,122
Fines, Licenses and Permits	618,736	-	-	-	-	387,451	1,006,187
Interest	182,814	-	-	-	-	11,864	194,678
Miscellaneous	98,148	263	37,562	-	31,954	522,906	690,833
Total Revenues	8,293,167	1,689,218	1,516,791	2,472,324	240,487	5,274,293	19,486,280
Expenditures							
Current:							
General Government	3,212,486	-	53,927	-	-	70,710	3,337,123
Public Safety	3,826,484	1,997,726	-	-	-	528,821	6,353,031
Public Health	41,995	-	-	-	-	217,462	259,457
Leisure Time Services	370,423	-	-	-	-	-	370,423
Community Development	133,096	-	-	-	-	1,826	134,922
Basic Utility Service	-	-	-	-	-	7,300	7,300
Transportation	-	-	374,126	-	-	1,263,668	1,637,794
Capital Outlay	-	-	1,039,502	2,369,426	203,398	2,685,803	6,298,129
Debt Service:							
Principal Retirement	-	-	160,389	-	-	34,000	194,389
Interest and Fiscal Charges	-	-	17,978	-	-	4,914	22,892
Total Expenditures	7,584,484	1,997,726	1,645,922	2,369,426	203,398	4,814,504	18,615,460
Excess of Revenues Over (Under) Expenditures	708,683	(308,508)	(129,131)	102,898	37,089	459,789	870,820
Other Financing Sources (Uses)							
Proceeds from Sale of Assets	-	-	33,243	-	-	3,424	36,667
Issuance of Loans	-	-	218,000	-	-	-	218,000
Transfers In	-	-	-	-	-	130,000	130,000
Transfers Out	(130,000)	-	-	-	-	-	(130,000)
Total Other Financing Sources (Uses)	(130,000)	-	251,243	-	-	133,424	254,667
Net Change in Fund Balances	578,683	(308,508)	122,112	102,898	37,089	593,213	1,125,487
Fund Balances Beginning of Year, as previously presented	6,164,710	1,751,703	2,250,263	-	-	5,078,375	15,245,051
Change within financial reporting entity (nonmajor to major fund)	-	-	-	(102,898)	(639,700)	742,598	-
Fund Balances (Deficits) Beginning of Year, adjusted	6,164,710	1,751,703	2,250,263	(102,898)	(639,700)	5,820,973	15,245,051
Fund Balances (Deficits) End of Year	$ 6,743,393	$ 1,443,195	$ 2,372,375	$ -	$ (602,611)	$ 6,414,186	$ 16,370,538

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds		$ 1,125,487
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activites, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 6,036,251	
Current Year Depreciation	(1,221,895)	4,814,356
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes Receivable	(593,269)	
Delinquent Property Taxes	(1,698)	
Due From Other Governments	(118,695)	
Accounts Receivable - Ambulance	2,352	
Accounts Receivable - Cemetery	(1,560)	
Special Assessments Receivable	(32,397)	(745,267)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
OPWC Loans	12,931	
Loans	132,446	
General Obligation Debt	49,012	194,389
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Loans		(218,000)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,135,494	
OPEB	18,050	1,153,544
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,464,644)	
OPEB	(22,080)	(1,486,724)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		163,366
Change in Net Position of Governmental Activities		$ 5,001,151

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2024

	Enterprise Funds			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	$ 1,502,944	$ 3,109,840	$ 371,252	$ 4,984,036
Accounts Receivable	269,413	495,457	50,559	815,429
Special Assessments Receivable	21,926	-	-	21,926
Leases Receivable	155,703	13,161	-	168,864
Materials and Supplies Inventory	220,295	34,758	-	255,053
Total Current Assets	2,170,281	3,653,216	421,811	6,245,308
Non-Current Assets:				
Net OPEB Asset	16,295	30,779	-	47,074
Non-Depreciable Capital Assets	3,246,312	922,724	223,947	4,392,983
Depreciable Capital Assets, Net	14,437,626	23,059,403	1,526,591	39,023,620
Total Non-Current Assets	17,700,233	24,012,906	1,750,538	43,463,677
Total Assets	19,870,514	27,666,122	2,172,349	49,708,985
Deferred Outflows of Resources				
Pension	162,671	293,315	-	455,986
OPEB	13,981	26,471	-	40,452
Total Deferred Outflows of Resources	176,652	319,786	-	496,438
Liabilities				
Current Liabilities:				
Accounts Payable	4,029	16,738	2,763	23,530
Accrued Wages and Benefits	18,914	32,283	-	51,197
Retainage Payable	75,336	-	-	75,336
Due to Other Governments	13,641	22,810	-	36,451
Compensated Absences	1,710	6,488	-	8,198
Loans Payable	772,123	1,301,910	-	2,074,033
Bonds Payable	16,033	31,967	-	48,000
Total Current Liabilities	901,786	1,412,196	2,763	2,316,745
Long-Term Liabilities:				
Compensated Absences - Net of Current Portion	34,513	130,930	-	165,443
Loans Payable - Net of Current Portion	7,262,783	13,596,882	-	20,859,665
Bonds Payable - Net of Current Portion	79,835	159,165	-	239,000
Net Pension Liability	473,651	894,674	-	1,368,325
Total Long-Term Liabilities	7,850,782	14,781,651	-	22,632,433
Total Liabilities	8,752,568	16,193,847	2,763	24,949,178
Deferred Inflows of Resources				
Pension	9,399	-	-	9,399
OPEB	10,089	17,756	-	27,845
Leases	147,828	12,734	-	160,562
Total Deferred Inflows of Resources	167,316	30,490	-	197,806
Net Position				
Net Investment in Capital Assets	9,477,831	9,613,731	1,750,538	20,842,100
Restricted for:				
Other Purposes	16,295	30,779	-	47,074
Unrestricted	1,633,156	2,117,061	419,048	4,169,265
Total Net Position	$ 11,127,282	$ 11,761,571	$ 2,169,586	$ 25,058,439

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
Operating Revenues				
Charges for Services	$ 2,685,811	$ 3,787,725	$ 534,956	$ 7,008,492
Total Operating Revenues	2,685,811	3,787,725	534,956	7,008,492
Operating Expenses				
Personal Services	486,311	1,004,494	-	1,490,805
Contractual Services	745,202	1,132,030	329,184	2,206,416
Materials and Supplies	22,316	98,927	-	121,243
Administrative Fees	378,064	344,765	55,396	778,225
Depreciation	649,435	907,161	13,886	1,570,482
Total Operating Expenses	2,281,328	3,487,377	398,466	6,167,171
Operating Income	404,483	300,348	136,490	841,321
Non-Operating Revenues (Expenses)				
Interest Income	4,470	559	-	5,029
Loss on Disposal of Capital Assets	(60,556)	(104,174)	-	(164,730)
Interest and Fiscal Charges	(142,101)	(394,556)	-	(536,657)
Total Non-Operating Revenues (Expenses)	(198,187)	(498,171)	-	(696,358)
Income (Loss) Before Capital Contributions	206,296	(197,823)	136,490	144,963
Capital Contributions	1,181,631	349,830	634,730	2,166,191
Change in Net Position	1,387,927	152,007	771,220	2,311,154
Net Position Beginning of Year	9,739,355	11,609,564	1,398,366	22,747,285
Net Position End of Year	$ 11,127,282	$ 11,761,571	$ 2,169,586	$ 25,058,439

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise Funds			
	Water Revenue	Sewer Revenue	Other Enterprise Funds	Total
Cash Flows from Operating Activities				
Cash Received from Customers	$ 2,702,576	$ 3,751,261	$ 534,987	$ 6,988,824
Cash Payments to Suppliers	(1,178,597)	(1,579,207)	(383,444)	(3,141,248)
Cash Payments to Employees for Services and Benefits	(507,779)	(970,787)	-	(1,478,566)
Net Cash Provided by Operating Activities	1,016,200	1,201,267	151,543	2,369,010
Cash Flows from Capital and Related Financing Activities				
Intergovernmental Revenue	1,365,124	-	470,000	1,835,124
Acquisition of Capital Assets	(1,764,825)	(475,750)	(1,311,709)	(3,552,284)
Lease Revenue	21,066	12,833	-	33,899
Capital Contributions	201,082	349,830	-	550,912
Principal Payments on Debt	(734,685)	(1,360,541)	-	(2,095,226)
Interest Payments on Debt	(142,099)	(394,556)	-	(536,655)
Net Cash Used for Capital and Related Financing Activities	(1,054,337)	(1,868,184)	(841,709)	(3,764,230)
Cash Flows from Investing Activities				
Lease Interest Revenue	4,470	559	-	5,029
Net Cash Provided by Investing Activities	4,470	559	-	5,029
Net Decrease in Cash and Cash Equivalents	(33,667)	(666,358)	(690,166)	(1,390,191)
Cash and Cash Equivalents Beginning of Year	1,536,611	3,776,198	1,061,418	6,374,227
Cash and Cash Equivalents End of Year	$ 1,502,944	$ 3,109,840	$ 371,252	$ 4,984,036
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$ 404,483	$ 300,348	$ 136,490	$ 841,321
Adjustments:				
Depreciation	649,435	907,161	13,886	1,570,482
(Increase) Decrease in Assets and Deferred Outflows:				
Accounts Receivable	28,130	(23,732)	31	4,429
Materials and Supplies Inventory	(14,450)	5,683	-	(8,767)
Special Assessments Receivable	12,608	-	-	12,608
Net OPEB Asset	(16,295)	(30,779)	-	(47,074)
Deferred Outflows - Pension/OPEB	55,127	168,274	-	223,401
Increase (Decrease) in Liabilities and Deferred Inflows:				
Accounts Payable	(18,566)	(9,168)	1,136	(26,598)
Accrued Wages	7,201	9,641	-	16,842
Due to Other Governments	5,984	7,844	-	13,828
Deferred Inflows - Leases	(23,972)	(12,732)	-	(36,704)
Compensated Absences	(25,108)	(10,047)	-	(35,155)
Deferred Inflows - Pension/OPEB	(15,362)	7,432	-	(7,930)
Net Pension Liability	(22,338)	(97,304)	-	(119,642)
Net OPEB Liability	(10,677)	(21,354)	-	(32,031)
Net Cash Provided by Operating Activities	$ 1,016,200	$ 1,201,267	$ 151,543	$ 2,369,010

Noncash Capital Financing Activities:
The City purchased $742,701 and $75,336 of capital assets on account in 2023 and 2024, respectively.
Water and Sewer funds contributed a combined $164,730 of capital assets to the stormwater fund

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2024

		Custodial
Assets		
Cash and Cash Equivalents in Segregated Accounts	$	186,297
Special Assessments Receivable		1,156,711
Total Assets		1,343,008
Liabilities		
Intergovernmental Payable		1,156,711
Total Liabilities		1,156,711
Net Position		
Restricted for Individuals and Other Governments		186,297
Total Net Position	$	186,297

See accompanying notes to the basic financial statements.

City of Urbana
Champaign County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended December 31, 2024

	Custodial
Additions	
Fines & Forfeitures for Other Governments	$ 1,290,953
Special Assessment Collections for Other Governments	78,998
Total Additions	1,369,951
Deductions	
Fines & Forfeitures Distributions to Other Governments	1,245,506
Special Assessment Distributions to Other Governments	78,998
Total Deductions	1,324,504
Change in Net Position	45,447
Net Position Beginning of Year	140,850
Net Position End of Year	$ 186,297

See accompanying notes to the basic financial statements.

NOTE 1 – REPORTING ENTITY

The City of Urbana, Ohio (City) is a political unit incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1868, and has a Council-Mayor form of government. The City provides the following services: public safety (police and fire), highways and streets, water, sewer, storm water, recycling, recreation, planning and zoning and general administrative services.

For financial reporting purposes, the City includes in this report all funds, agencies, boards, commissions, and departments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus". Under the provisions of GASB Statement No. 14, the City of Urbana is the primary government, since it is a general purpose government that has a separate elected governing body; functions as a separate legal entity; and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue debt. As required by generally accepted accounting principles, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and so data is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the City. There are no blended or discretely presented component units at December 31, 2024.

Jointly Governed Organization

The City entered into an agreement in April 2005 with the Champaign Countywide Public Safety Communications System Council of Governments (COG) whereby Champaign County and the City created the COG for the purpose of operating an enhanced 911 system. The COG contracted with Champaign County to serve as its fiscal agent. Financial information may be obtained by writing to 1512 South Highway 68, Suite A100, Urbana, Ohio 43078.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance.

The City reports the following major governmental funds:

> <u>General Fund</u> - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Police and Fire Levy Fund - To account for the 3/10% income tax for additional patrolmen and firefighters that the General Fund is unable to financially support.

Capital Improvement Fund – To account for the income tax resources earmarked for capital improvements used for general improvement of all City facilities and operations.

ODOT TAP Grant Fund – To account for reimbursement funding received from the Ohio Department of Transportation (ODOT) for projects defined as transportation alternatives.

Neighborhood Curb, Gutter, and Sidewalk Fund – To account for the special assessments used to finance repairs and replacements of curbs, gutters, and sidewalks.

The other governmental funds of the City account for grants and other resources, debt service, and capital projects of the City whose uses are restricted to a particular purpose.

Proprietary Funds

The proprietary funds focus on the determination of the changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The City reports the following major proprietary funds:

Water Revenue Fund – Accounts for the operation of the waterworks distribution system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Revenue Fund – Accounts for the operation of the sanitary sewer collection and treatment system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

The other enterprise funds account for activity related to stormwater and the recycling program.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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 non-operating revenues and expenses.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial funds account for amounts collected and distributed on behalf of individuals or other governments. The City's custodial funds consist of the Champaign County Municipal Court fund and the Urbana Energy Special Improvement District.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position.

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: municipal income taxes withheld by employers, sewerage surcharges, investment earnings, fines and forfeitures and state levied locally shared taxes (including motor vehicle fees). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Revenues received by the City within 60 days after year-end are deemed to be available. Reimbursements for federally funded grant projects are accrued as revenue at the time the eligible expenditures are made. Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Accordingly, these items are recorded and revenue recognition is deferred until they become available.

All other revenue sources, including licenses and permits, certain charges for services, and non-employer withheld income taxes, are recorded as revenue when received in cash because they generally are not measurable until actually received by the City.

Expenditures/Expenses

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

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

Cash and Cash Equivalents and Investments

The City pools cash and investments of various funds to improve investment performance. Each fund's position in the pool is reflected in the participating fund as Pooled Cash and Investments. Interest earnings from 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, the City's proprietary funds consider cash equivalents to be pooled cash and investments, cash on hand, demand deposits, and investments.

The City did not have any investments at year-end.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements and outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Notes Receivable

Notes receivable represent the right to receive repayment for a mortgage note made by the City. This note is based upon a written agreement between the City and the note recipient.

Inventory

Inventory is valued at cost (first-in, first-out). In both the governmental and proprietary funds, inventories are recorded as expenditures/expenses when consumed rather than when purchased.

In the governmental funds, inventories are offset by nonspendable fund balance to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported in the governmental activities) the City chose to include all such items acquired from January 1, 1980 through the present. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and recorded at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Useful Life (Years)
Land improvements	25
Buildings and improvements	25
Vehicles	3-5
Machinery and equipment	5-20
Infrastructure	25-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary statements of net position for pension, other postemployment benefits (OPEB) and asset retirement obligation. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systemic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements 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 and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, other postemployment benefits (OPEB), leases, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of Net Position and governmental fund financial statements. The deferred inflows for leases is related to leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term on the lease.

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, grants and entitlements, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on both the government-wide and proprietary statements of net position (See Notes 13 and 14).

Pensions/Other Postemployment Benefits (OPEB)

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

Compensated Absences

For the City, compensated absences cover leave for which employees may receive cash payments either when used as time off or as a payout for unused leave upon termination of employment. These payments may occur during employment or at termination. Generally, compensated absences do not follow a fixed payment schedule.

Liabilities should be recognized for unused leave if it is attributable to services already rendered, the leave accumulates, and it is more likely than not that it will be used or paid out in cash. For the City, this includes sick, vacation, and other leave.

Liabilities for compensated absences should be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

A key component in determining the estimate of the amount of accumulated compensated absences that will be used as time off is the flows assumption. The flows assumption determines whether leave used by employees will be attributed first to (a) the recognized liability at the date of the financial statements (a first-in, first-out (FIFO) flows assumption) or (b) the leave earned in the next reporting period (a last-in, first-out (LIFO) flows assumption). The City uses the LIFO flows assumption.

The amount of compensated absences recognized as expenditures in financial statements prepared using the current financial resources measurement focus should be the amount that normally would be liquidated with expendable available financial resources.

Long Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting* establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In accordance with this guidance, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The City may use the following categories:

Nonspendable - resources that cannot be spent because they are not in a spendable form (inventory, prepaids, and advances) or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have external purpose restraints imposed on them by providers, such as creditors (through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use the resources created by enabling legislation only for the purposes specified by the legislation.

Committed - resources that can be used only for specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - resources that are intended to the used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. The finance director is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

The City applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted fund balance are available. The City considers committed, assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Net Position

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

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

Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Principles

For the year ended December 31, 2024, the City has implemented certain provisions of GASB Statement No. 99, *Omnibus 2022,* GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*, and GASB Statement No. 101, *Compensated Absences*.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves 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 certain provisions of GASB Statement No. 99 that relate to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 did not have an effect on the financial statements of the City.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide a more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessment accountability. The implementation of GASB Statement No. 100 was incorporated into the financial statements of the City.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences to promote consistency and better meet the information needs of financial statement users. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. These changes were incorporated into the City's 2024 financial statements; however, there was no effect on beginning net position.

NOTE 3 – FUND BALANCE AND ACCOUNTABILITY

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of 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	Police and Fire Levy Fund	Capital Improvement	ODOT TAP Grant	Neighborhood Curb,Gutter, and Sidewalk	Other Governmental Funds	Total
Nonspendable for:							
Inventory	$ 39,548	$ -	$ -	$ -	$ -	$ 129,187	$ 168,735
Advances to Other Funds	70,500	-	-	-	-	-	70,500
Unclaimed Monies	22,739	-	-	-	-	-	22,739
Total Nonspendable	132,787	-	-	-	-	129,187	261,974
Restricted for:							
Public Safety Programs	-	1,443,195	-	-	-	389,799	1,832,994
Capital Projects	-	-	2,372,375	-	-	2,170,214	4,542,589
Transportation Programs	-	-	-	-	-	917,338	917,338
Other Purposes	-	-	-	-	-	218,926	218,926
Grant Programs	-	-	-	-	-	115,379	115,379
Public Health	-	-	-	-	-	73,334	73,334
Debt Service	-	-	-	-	-	139,276	139,276
Permanent Endowments	-	-	-	-	-	103,529	103,529
Total Restricted	-	1,443,195	2,372,375	-	-	4,127,795	7,943,365
Committed for:							
Transportation Programs	-	-	-	-	-	428,827	428,827
Other Purposes	-	-	-	-	-	9,472	9,472
Total Committed	-	-	-	-	-	438,299	438,299
Assigned for:							
General Government	43,993	-	-	-	-	-	43,993
Public Safety - Coroner	54,112	-	-	-	-	-	54,112
Community Environment	13,755	-	-	-	-	-	13,755
Capital Projects	-	-	-	-	-	1,827,371	1,827,371
Total Assigned	111,860	-	-	-	-	1,827,371	1,939,231
Unassigned	6,498,746	-	-	-	(602,611)	(108,466)	5,787,669
Total Fund Balance	$ 6,743,393	$ 1,443,195	$ 2,372,375	$ -	$ (602,611)	$ 6,414,186	$ 16,370,538

Deficit Fund Balances **–** The following deficit fund balances are primarily the result of accrued liabilities recorded with the application of generally accepted accounting principles. The general fund is responsible for fund deficits; however, transfers are recorded when cash is needed rather than when the accruals occurs.

	Deficit
Non-Major Governmental Funds	
FAA Master Plan	$ 21,814
CHP Bike Trail FHWA	12,340
South Hight Street OPWC Loan	74,312
Total	$ 108,466

NOTE 4 – DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute into three categories.

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

5. Bonds or other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain banker's acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40% of the interim monies available for investment at any one time; and,

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

Deposits

At year-end, $18,999,318 of the City's bank balance of $20,190,450 was uninsured but collateralized. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

NOTE 5 – NOTES RECEIVABLE

During 2011, the City loaned Sarica/Hughley and Phillips LLC, $950,000, to assist in financing the cost to retain and expand their company within the City. In consideration of the repayment of the note, monthly payments of $4,806 began on July 1, 2011 and continue on the first day of each month until June 1, 2031 when the remaining principal at that time on the note shall become due and payable in full. Sarica/Hughley and Phillips LLC made twelve payments, totaling $49,023 during 2024. At December 31, 2024, the balance of the Sarica/Hughley and Phillips LLC note was $363,933. In addition, the City had Community Development Block Grant loans outstanding at year-end totaling $1,077, for a total notes receivable balance at December 31, 2024 of $365,010.

NOTE 6 – INCOME TAXES

Municipalities within the State of Ohio 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 of Urbana levies a tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay city income tax on income earned outside the City; net of a credit limited to 1% for income taxes paid to other municipalities. In 1992, the City Council ordered mandatory income tax filing.

The tax rate applied in 2024 was 1.4% of which 1% was unvoted and 0.4% was voted. The additional 0.4% tax became effective January 1, 1992 and is designated to fund fire and police personnel and capital improvement costs.

Twenty-five percent (25%) of 1% unvoted income tax revenues are required to be used for the purpose of financing capital improvements, including debt service charges on notes and bonds issued for capital improvements. This portion of income tax revenues is distributed to the Capital Improvement Fund from which capital improvements and related debt service charges are financed.

NOTE 7 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2024 for real and public utility property taxes represents collections of the 2023 taxes.

2024 real property taxes were levied after October 1, 2024 on the assessed value as of January 1, 2024, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2024 real property taxes are collected in and intended to finance 2025.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes which became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. The full tax rate for all City operations for the year ended December 31, 2024, was $3.50 per $1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2024 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate (Other than Public Utility)	$ 251,736,770
Public Utilities - Real	11,235,800
Total Assessed Value	$ 262,972,570

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2024, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2024 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 8 – TAX ABATEMENTS

Community Reinvestment Area

Description – Under the authority of ORC 3735.65 – 3735.70, the City created a Community Reinvestment Area (CRA). Legislation established that the remodeling of existing and construction of new structures within this CRA constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value.

Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing properties within the CRA that will improve property value and potentially bring jobs to the City.

The gross dollar amount for the total abated value of the CRA parcels for 2024, only a fraction of which represents abated City of Urbana property taxes, was as follows:

Company	Term	Percent	Amount
Phoenix BTS LLC	2018-2032	100	$225,420
Weidmann	2018-2032	100	780
Legacy Place	2023-2037	100	92,020
Ultra Met	2023-2037	75	17,840
			$336,060

Enterprise Zone

Description – Under the authority of ORC 5709.61, the City created an Enterprise Zone (EZ) within city limits. Legislation established that the remodeling of existing and construction of new structures within this EZ constituted a public purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax. These taxes are abated through a reduction in assessed value. In 2024, the Willow Run Realty and American Pan Company abatement expired and the Columbus Urbana LLC/Memorial Health abatement was terminated.

Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing properties within the EZ that will improve property value and bring jobs to the City.

Provisions for recapturing abated taxes - If the owner or lessee materially fails to fulfill its obligation, reimbursement level will be 100 percent (less than year one), 80 percent (year one to year two), 60 percent (year two to year three), 40 percent (year three to year four), and 20 percent (year four to year ten).

The gross dollar amount for the total abated value of the EZ parcel for 2024, only a fraction of which represents abated City of Urbana property taxes, was as follows:

Company	Term	Percent	Amount
Urbana Hotel LLC	2019-2034	100	$ 56,290
			$ 56,290

NOTE 9 – LEASE AGREEMENTS

On February 13, 2006, the City entered into a ground lease agreement with Springfield Cellular Telephone Company, for a portion of space on the City's water tower. The term of the lease is for a period of 5 years. The Agreement has the option to be extended for four additional five year terms. The annual rent payable under the lease, per annum, for the first year is $15,000 and shall increase three percent (3%) annually, effective on each anniversary of the Commencement Date. The City is reporting leases receivable in the business-type funds of $155,704, which represents the discounted future lease payments. This discount is being amortized using the interest method. Payments are made annually. Interest revenue for the lease during the fiscal year was $4,027.

On November 20, 2020, the City entered into a ground lease agreement with Mark and Harold Dowden, for permission to go onto and use, for agricultural purposes, approximately 272.3 acres of land. The term of the lease is for a period of 3 years. The Agreement has the option to be extended for two additional one year terms. The annual rent payable under the lease, per annum, is $72,503. The City is reporting leases receivable of $168,864 in business-type funds and $58,076 in governmental-type funds. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. Payments are made bi-annually. Interest revenue for the lease during the fiscal year was $2,737.

A summary of future payments to be received is as follows:

	Governmental Activities	
	Principal	Interest
2025	$ 58,076	$ 1,035
Total	$ 58,076	$ 1,035

	Business-Type Activities					
	Water		Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 22,365	$ 3,467	$ 13,160	$ 234	$ 35,525	$ 3,701
2026	23,720	2,873	-	-	23,720	2,873
2027	25,133	2,244	-	-	25,133	2,244
2028	26,605	2,136	-	-	26,605	2,136
2029	28,140	1,464	-	-	28,140	1,464
2030	29,741	752	-	-	29,741	752
Total	$155,704	$12,936	$13,160	$ 234	$ 168,864	$13,170

NOTE 10 – CAPITAL ASSETS

A summary of capital asset activity for governmental activities for the year follows:

Governmental Activities

	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets				
Land	$ 3,689,111	$ -	$ -	$ 3,689,111
Construction in Progress	1,580,449	4,649,422	-	6,229,871
Total Nondepreciable Assets	5,269,560	4,649,422	-	9,918,982
Depreciable Capital Assets				
Building and Improvements	18,305,496	258,366	-	18,563,862
Vehicles	4,852,272	625,513	(232,816)	5,244,969
Machinery and Equipment	2,114,896	5,000	-	2,119,896
Infrastructure	23,281,383	497,950	-	23,779,333
Total Depreciable Assets	48,554,047	1,386,829	(232,816)	49,708,060
Less accumulated depreciation				
Building and Improvements	(16,142,361)	(343,956)	-	(16,486,317)
Vehicles	(3,905,935)	(263,778)	232,816	(3,936,897)
Machinery and Equipment	(1,851,022)	(73,280)	-	(1,924,302)
Infrastructure	(10,237,964)	(540,881)	-	(10,778,845)
Total accumulated depreciation	(32,137,282)	(1,221,895)	232,816	(33,126,361)
Depreciable Capital Assets, Net of accumulated depreciation	16,416,765	164,934	-	16,581,699
Total Capital Assets, Net	$ 21,686,325	$ 4,814,356	$ -	$ 26,500,681

Depreciation expense was charged to the governmental functions as follows:

General Government	$ 128,528
Public Safety	245,679
Transportation	702,536
Health	37,438
Leisure Activities	107,714
Total depreciation expense	$ 1,221,895

A summary of capital asset activity for business-type activities for the fiscal year follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Nondepreciable Capital Assets				
Land	$ 1,011,796	$ -	$ -	$ 1,011,796
Construction in Progress	1,845,880	1,535,307	-	3,381,187
Total Nondepreciable Assets	2,857,676	1,535,307	-	4,392,983
Depreciable Capital Assets				
Buildings	57,458,298	-	-	57,458,298
Vehicles	895,599	43,928	(40,210)	899,317
Machinery and Equipment	3,731,992	7,803	(14,876)	3,724,919
Infrastructure	19,595,070	1,297,879	-	20,892,949
Total Depreciable Assets	81,680,959	1,349,610	(55,086)	82,975,483
Less accumulated depreciation				
Buildings	(34,379,430)	(976,100)	-	(35,355,530)
Vehicles	(827,084)	(49,650)	40,210	(836,524)
Machinery and Equipment	(3,267,761)	(144,178)	14,876	(3,397,063)
Infrastructure	(3,962,192)	(400,554)	-	(4,362,746)
Total accumulated depreciation	(42,436,467)	(1,570,482)	55,086	(43,951,863)
Depreciable Assets, Net	39,244,492	(220,872)	-	39,023,620
Total Capital Assets, Net	$42,102,168	$1,314,435	$ -	$43,416,603

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NOTE 11 – LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2024:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Placements:					
2021 Masoleum Refunding Bonds	$ 260,000	$ -	$ (34,000)	$ 226,000	$ 38,000
2021-2030 1.49 - 1.89%					
2018 Real Estate Acquisition Bond					
2018-2038 4.39-4.75%	311,213	-	(15,012)	296,201	15,717
Total Direct Placements	571,213	-	(49,012)	522,201	53,717
Direct Borrowings:					
OPWC Loan:					
OPWC Loan - Phoenix Dr					
2013-2033, 0%	129,312	-	(12,931)	116,381	12,932
Loans:					
2021 John Deere 85G	30,888	-	(30,888)	-	-
2022 John Deere Skid Steer 330G	50,292	-	(24,281)	26,011	26,011
2025 Freightliner	-	218,000	(77,277)	140,723	68,151
Total Loans	81,180	218,000	(132,446)	166,734	94,162
Total Direct Borrowings	210,492	218,000	(145,377)	283,115	107,094
Other Long-Term Obligations:					
Net Pension Liability	16,295,585	-	(1,184,619)	15,110,966	-
Net OPEB Liability	969,651	-	(121,996)	847,655	-
Compensated Absences*	1,299,028	-	(163,366)	1,135,662	53,616
Asset Retirement Obligation	45,000	-	-	45,000	-
Total Other Long Term Obligations	18,609,264	-	(1,469,981)	17,139,283	53,616
Total Governmental Activities	$ 19,390,969	$ 218,000	$ (1,664,370)	$ 17,944,599	$ 214,427

*- The change in compensated absences above is a net change for the year.

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2024:

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Placements:					
2021 Various Purpose-Sewer					
2021-2030 1.49%	$ 224,431	$ -	$ (33,299)	$ 191,132	$ 31,967
2021 Various Purpose-Water					
2021-2030 1.49%	112,569	-	(16,701)	95,868	16,033
Total Direct Placements	337,000	-	(50,000)	287,000	48,000
Direct Borrowings:					
OPWC Loans:					
OPWC 0% Northwest Sanitary	60,000	-	(10,000)	50,000	10,000
OPWC Utility Extension, 0%	35,804	-	(4,112)	31,692	4,112
OPWC Loan - 0% Powell to Bon Air (CK02W)	193,003	-	(10,722)	182,281	10,722
OPWC 0% Interest Loan Well Field	21,302	-	(4,734)	16,568	4,734
OPWC Well Field, 0%	300,000	-	(50,000)	250,000	50,000
OPWC Utility Extension, 0%	29,991	-	(4,112)	25,879	4,112
OPWC 2013-2033 Water Main, 0%	183,463	-	(19,312)	164,151	19,312
OPWC 2016-2036 Wooddale Amherst, 0%	370,500	-	(28,500)	342,000	28,500
OPWC Monument Square Water Main, 0%	343,910	-	(20,230)	323,680	20,230
Total OPWC Loans	1,537,973	-	(151,722)	1,386,251	151,722
OWDA Loans:					
OWDA 2013-2035 WPCLF Upgrade					
Design, 2.57%-2.60%	13,872,670	-	(1,000,682)	12,871,988	1,026,565
OWDA 2020-2029 Belt Filter Process					
Replacement, 2.90%	707,818	-	(109,616)	598,202	112,829
OWDA Sewer Replacement 2022-2031	393,160	-	(46,154)	347,006	46,978
OWDA Septage Receiving Station Replacement	907,038	-	(89,415)	817,623	90,704
OWDA 2008-2029 Water System, 3.0%	2,119,407	-	(324,476)	1,794,931	335,470
OWDA 2016-2035 Water Main Replacement	1,699,750	-	(126,662)	1,573,088	129,207
OWDA Water Main Replacement 2020-2040	1,208,074	-	(60,615)	1,147,459	61,332
OWDA Advanced Metering Replacement Program	2,476,493	-	(79,343)	2,397,150	119,226
Total OWDA Loans	23,384,410	-	(1,836,963)	21,547,447	1,922,311
2022 WRF Wheel Loader	56,541	-	(56,541)	-	-
Total Direct Borrowings	24,978,924	-	(2,045,226)	22,933,698	2,074,033
Other Long-Term Obligations:					
Net Pension Liability	1,487,967	-	(119,642)	1,368,325	-
Net OPEB Liability	32,031	(32,031)	-	-	-
Compensated Absences*	208,796	-	(35,155)	173,641	8,198
Total Other Long-Term Obligations	1,728,794	(32,031)	(154,797)	1,541,966	8,198
Total Business-Type Activities	$ 27,044,718	$ (32,031)	$ (2,250,023)	$ 24,762,664	$ 2,130,231

*- The change in compensated absences above is a net change for the year.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from both governmental and business-type funds. For additional information related to the net pension liability and net OPEB liability see Note 13 and Note 14.

Direct Placements

In 2018, the City issued $380,000 in bond anticipation notes through Security National Bank for the purpose of purchasing the building and land located at 225 South Main Street. The notes mature in 2038 and have interest rates ranging from 4.39 to 4.75 percent.

On April 28, 2021 the City issued Various Purpose Refunding Bonds, Series 2021, in the amount of $842,000. The refunding bonds have interest rates ranging from 1.49% to 1.89% and a final maturity of December 1, 2030.

Direct Borrowings

During 2012, the City entered into two loan arrangements through the Ohio Public Works Commission (OPWC) and one loan with the Ohio Water Development Agency (OWDA). The two OPWC loans were to fund the Phoenix Drive ($258,623) and South Main Water Main ($386,239) projects. The OWDA loan was entered into to fund a Waste Water Plant Upgrade project. The OWDA approved a loan in the amount $20,697,045 for the project. An additional $453,388 in capitalized interest was added to the loan balance during construction.

In 2014, the City entered into another loan with the Ohio Water Development Agency (OWDA) to fund a Water Main Replacement project. The OWDA approved a loan in the amount of $2,861,925 for the project. An additional $14,681 in capitalized interest was added to the loan balance during construction.

During 2015, the City entered into a loan arrangement with the OPWC to fund the Wooddale Amherst Phase One Water Replacement Project for $570,000.

During 2018, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a screw press and related construction at the Water Reclamation Facility. The OWDA approved a loan in the amount of $1,254,788 for the project and the City incurred capitalized interest of $5,763.

During 2019, the City entered into a loan arrangement through the Ohio Public Works Commission (OPWC) to fund the Monument Square Water Main Improvements project. This loan was issued in the amount of $404,600 and will mature in 2040. This loan carries an interest rate of 0 percent.

In 2020, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a Water Main and Sanitary Sewer replacement. The OWDA approved a loan in the amount of $1,324,030 for the project. An additional $5,154 in capitalized interest was added to the loan balance. The loan matures in 2041 and carries an interest rate of 1.18 percent.

In 2021, the City also entered into a financing arrangement with Deere Credit, Inc. to finance the purchase of a 2021 John Deere excavator, totaling $121,918, over a four-year period. Deere Credit, Inc. has a security interest in the equipment. This financing arrangement was paid in full in 2024.

In 2021, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the purchase of a Septage Receiving Station. The OWDA approved a loan in the amount of $950,313 for the project. An additional $5,555 in capitalized interest was added to the loan balance during construction. The loan matures in 2033 and carries interest rates of 1.46 percent and 3.05 percent.

In 2021, the City entered into a loan agreement with the Ohio Water Development Agency (OWDA) to fund the Advanced Meter Replacement project. The OWDA approved a loan in the amount of $2,609,541 for the project. An additional $21,546 in capitalized interest was added to the loan balance during construction. The loan matures in 2042 and carries an interest rate of 1.28 percent.

In 2021, the City entered into a loan agreement with the Ohio Public Works Commission (OPWC) to fund the Powell to Bon Air Sanitary Sewer project. The OPWC approved a loan in the amount of $214,448 for the project.

In 2022, the City also entered into a financing arrangement KS State Bank to finance the purchase of a 2019 wheel loader, totaling $169,659, over a three-year period. KS State Bank has a security interest in the equipment. In addition, in the event of default, KS State Bank may declare all payments due immediately. This financing arrangement was paid in full in 2024.

In 2023, the City also entered into a financing arrangement with Deere Credit, Inc. to finance the purchase of a 2023 330G Skid Steer, totaling $78,156, over a three-year period. Deere Credit, Inc. has a security interest in the equipment. In addition, in the event of default, Deere Credit, Inc. may declare all payments due immediately.

In 2024, the City entered into a financial agreement with Daimler Truck Financial Services USA LLC, to finance the purchase of a 2025 Freightliner, totaling $218,000, over a three-year period. This agreement carries an interest rate of 6.485 percent. Daimler Truck Financial Services USA LLC, has a security interest in the equipment. In addition, in the event of default, Daimler Truck Financial Services USA LLC, may declare all payments due immediately.

Annual requirements to pay principal and interest on long-term debt of governmental activities at December 31, 2024:

	Governmental Activities					
	Direct Placement		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 53,717	$ 17,103	$ 107,094	$ 10,979	$ 160,811	$ 28,082
2026	52,414	15,688	85,504	4,706	137,918	20,394
2027	51,143	14,278	12,932	-	64,075	14,278
2028	55,873	12,905	12,932	-	68,805	12,905
2029	59,380	12,176	12,932	-	72,312	12,176
2030-2034	145,004	34,147	51,721	-	196,725	34,147
2035-2038	104,670	17,302	-	-	104,670	17,302
Total	$ 522,201	$ 123,599	$ 283,115	$ 15,685	$ 805,316	$ 139,284

Annual requirements to pay principal and interest on long-term debt of business-type activities at December 31, 2024:

	Business-Type Activities					
	Direct Placements		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 48,000	$ 4,276	$ 2,074,033	$ 477,170	$ 2,122,033	$ 481,446
2026	45,000	3,562	2,120,953	431,895	2,165,953	435,457
2027	47,000	2,892	2,169,137	383,711	2,216,137	386,603
2028	44,000	2,190	2,216,252	334,229	2,260,252	336,419
2029	46,000	1,535	2,264,701	283,410	2,310,701	284,945
2030-2034	57,000	850	8,718,298	808,342	8,775,298	809,192
2035-2039	-	-	2,742,729	100,986	2,742,729	100,986
2040-2043	-	-	627,595	12,058	627,595	12,058
	-	-	-	-	-	-
Total	$ 287,000	$ 15,305	$ 22,933,698	$ 2,831,801	$ 23,220,698	$ 2,847,106

NOTE 12 – RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees. The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation. For property and casualty coverage, the City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Insurance

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2023, (most recent available) PEP retained $500,000 for casualty claims and $250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2023 (most recent available):

Casualty & Property Coverage	2023
Assets	$67,306,752
Liabilities	(23,172,377)
Net Position	$44,134,375

At December 31, 2023, (most recent available) the liabilities above include approximately $19.7 million of estimated incurred claims payable. The assets above also include approximately $17.7 million of unpaid claims to be billed to approximately 608 member governments in the future, as of December 31, 2023 (most recent available). These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP	
2024	$ 178,451
2023	$ 158,883

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution.

Withdrawing members have no other future obligation to PEP. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

There has been no reduction in coverage from the prior year. Settled claims did not exceed coverage in any of the last three years.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

State and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

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.

When a benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $490,385 for 2024. Of this amount, $62,986 is reported as a due to other governments.

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

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

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

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

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

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

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

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

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

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

	Police	Firefighters
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2024 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was $772,609 for 2024. Of this amount, $84,153 is reported as a due to other governments.

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

The net pension liability for OPERS was measured as of December 31, 2023, 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, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.020102%	0.1160963%	
Prior Measurement Period	0.020988%	0.1219460%	
Change in Proportion	-0.000886%	-0.0058497%	
Proportionate Share of the Net Pension Liability	$ 5,262,786	$ 11,216,505	$ 16,479,291
Pension Expense	$ 604,726	$ 1,012,081	$ 1,616,807

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

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual Earnings on Pension Plan Investments	$ 1,062,256	$ 1,271,067	$ 2,333,323
Differences between Expected and Actual Experience	86,016	360,083	446,099
Changes of Assumptions	-	708,871	708,871
Changes in Proportionate Share and Differences in Contributions	80,608	290,429	371,037
City Contributions Subsequent to the Measurement Date	490,385	772,609	1,262,994
Total Deferred Outflows of Resources	$ 1,719,265	$ 3,403,059	$ 5,122,324
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ -	$ 125,443	$ 125,443
Changes of Assumptions	-	170,335	170,335
Changes in Proportionate Share and Differences in Contributions	135,133	467,098	602,231
Total Deferred Inflows of Resources	$ 135,133	$ 762,876	$ 898,009

$1,262,994 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2025	$ 242,371	$ 475,601	$ 717,972
2026	324,765	587,447	912,212
2027	677,872	894,055	1,571,927
2028	(151,261)	(66,768)	(218,029)
2029	-	(22,102)	(22,102)
Thereafter	-	(659)	(659)
Total	$ 1,093,747	$ 1,867,574	$ 2,961,321

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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.3 percent, simple through 2024, then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00%	

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	$ 8,285,039	$ 5,262,786	$ 2,749,150

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2023, are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

For 2023, the mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted to 96.2 percent for males and 98.70 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2023, 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 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2023, 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 determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	125.00 %	

Note: Assumptions are geometric.
* levered 2.0x

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	$ 14,857,096	$ 11,216,505	$ 8,188,999

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

See Note 13 for a description of the net OPEB liability (asset)..

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

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

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

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

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

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

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

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

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

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

Group A 30 years of qualified health care service credit;

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

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

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

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

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

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

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

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

The base allowance is determined by OPERS and is currently $1,200 per month for non-Medicare retirees and $350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

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

Ohio Police & Fire Pension Fund (OP&F)

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

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was $18,050 for 2024. Of this amount, $1,956 is reported as due to other governments.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, 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, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.020061%	0.1160963%	
Prior Measurement Period	0.021167%	0.1219460%	
Change in Proportion	-0.001106%	-0.0058497%	
Proportionate Share of the Net OPEB Liability (Asset)	$ (181,055)	$ 847,655	
OPEB Expense	$ (23,324)	$ 37,465	$ 14,141

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 108,736	$ 62,593	$ 171,329
Differences between Expected and Actual Experience	-	40,762	40,762
Changes of Assumptions	46,612	291,683	338,295
Changes in Proportionate Share and Differences in Contributions	8,235	68,712	76,947
City Contributions Subsequent to the Measurement Date	-	18,050	18,050
Total Deferred Outflows of Resources	$ 163,583	$ 481,800	$ 645,383
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 25,769	$ 155,775	$ 181,544
Changes of Assumptions	77,830	545,870	623,700
Changes in Proportionate Share and Differences in Contributions	909	91,963	92,872
Total Deferred Inflows of Resources	$ 104,508	$ 793,608	$ 898,116

$18,050 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability (asset) in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2025	$ 252	$ (7,698)	$ (7,446)
2026	10,896	(45,828)	(34,932)
2027	84,641	(27,472)	57,169
2028	(36,714)	(73,006)	(109,720)
2029	-	(75,618)	(75,618)
Thereafter	-	(100,236)	(100,236)
Total	$ 59,075	$ (329,858)	$ (270,783)

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.70 percent
Prior Year Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.77 percent
Prior Year Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2038
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

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

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

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

Discount Rate A single discount rate of 5.70 percent was used to measure the OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70 percent) or one-percentage-point higher (6.70 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	$ 99,503	$ (181,055)	$ (413,457)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	$ (188,573)	$ (181,055)	$ (172,525)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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 benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

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

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Single discount rate:	
Current measurement rate	4.07 percent
Prior measurement rate	4.27 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2038

For 2023, 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 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2023, 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 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2023, 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 determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	125.00 %	

Note: Assumptions are geometric.
* levered 2.0x

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

Discount Rate For 2023, the total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2023, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

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 4.07 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07 percent), or one percentage point higher (5.07 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	$ 1,044,076	$ 847,655	$ 682,230

NOTE 15 – INTERFUND BALANCES

During 2023, the Mausoleum Trust Fund received an advance in the amount of $70,500 from the General Fund to pay debt service on the bonds that were issued to construct the mausoleum. The Neighborhood Curb, Gutter, and Street Fund received an advance in the amount of $645,000 from Perpetual Investment fund for the purpose of funding the neighborhood program. These advances are not expected to be paid back in the current fiscal year.

There were no interfund advances in the current fiscal year.

NOTE 16 – INTERFUND TRANSFERS

Interfund transfers during the fiscal year were as follows:

	Transfer Out	Transfer In
General Fund	$ 130,000	$ -
Nonmajor Governmental Funds	-	130,000
Total	$ 130,000	$ 130,000

Transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code.

NOTE 17 – ASSET RETIREMENT OBLIGATIONS

Underground Storage Tanks

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a City classified as an “owner” or “operator,” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of $45,000 associated with the City’s underground storage tanks was estimated by the City. The remaining useful life of these USTs is 21 years. The City is not aware of any legally required funding or assurance provisions associated with this ARO.

Sewer Assets

Ohio Revised Code (ORC) Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval, including the retirement or abandonment of certain sewer-related assets. Through this permitting process, the City would be responsible to address any public safety issues associated with retiring or abandoning these sewer-related assets. In accordance with ORC Section 6111.44, and applicable accounting standards, the City believes an asset retirement obligation (ARO) to be present, however, while the City is aware of the public safety concerns that would need to be addressed, the cost to address these concerns is not reasonably estimable at this time and therefore an ARO is not recognized in the City's financial statements.

NOTE 18 – CONTINGENT LIABILITIES

Litigation

The City was a defendant in a few lawsuits pertaining to matters that are incidental to performing routine governmental and other functions. Legal counsel cannot estimate exact exposure, if any, in these suits. All cases are being defended vigorously by the City. It is the opinion of management and the City's legal counsel that sufficient resources will be available for the payment of such claims, if any, upon ultimate settlement or covered by insurance.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids, which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2024, distributions of $27,267 are reflected as fines, licenses and permits revenue in the OneOhio Opioid Special Revenue Fund.

NOTE 19 - COMMITMENTS

Contractual Commitments

At calendar year-end, the City had the following outstanding contractual commitments:

Contract	Contract Amount	Amount Outstanding
Booster Station Project	$ 2,229,255	$ 55,665
South High Street Project	7,681,215	453,637
Salt Barn Project	226,735	16,845
	$ 10,137,205	$ 526,147

The outstanding balance noted above represents the difference between the contract amount and total services completed and stored to-date through the end of the year.

Other Commitments

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

Fund	Amount
General	$ 111,860
Police and Fire Levy Fund	2,922
Capital Improvement	58,194
ODOT TAP Grant	905,268
Nonmajor Governmental	847,504
	$ 1,925,748

REQUIRED SUPPLEMENTARY INFORMATION

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Income Taxes	$ 3,707,700	$ 3,579,491	$ 3,788,360	$ 208,869
Property Taxes	618,003	590,063	631,448	41,385
Other Local Taxes	22,418	27,219	22,906	(4,313)
Intergovernmental	458,647	497,392	468,625	(28,767)
Charges for Services	1,520,559	1,537,539	1,553,638	16,099
Fines, Licenses, and Permits	629,217	736,273	642,906	(93,367)
Interest	166,557	78,484	170,180	91,696
Miscellaneous	83,083	159,723	84,890	(74,833)
Reimbursements	867,016	867,016	885,879	18,863
Total Revenues	8,073,200	8,073,200	8,248,832	175,632
Expenditures:				
Current:				
General Government				
City Council				
Personal Services	88,260	88,260	86,183	2,077
Supplies, Materials and Other	5,355	5,355	4,157	1,198
Total City Council	93,615	93,615	90,340	3,275
Mayor/Administration				
Personal Services	283,530	285,370	284,495	875
Supplies, Materials and Other	22,234	20,394	15,233	5,161
Total Mayor/Administration	305,764	305,764	299,728	6,036
Municipal Court				
Personal Services	743,570	782,070	776,385	5,685
Supplies, Materials and Other	112,347	112,347	93,514	18,833
Total Municipal Court	855,917	894,417	869,899	24,518
Engineering				
Personal Services	381,010	381,010	375,166	5,844
Supplies, Materials and Other	16,838	16,838	8,216	8,622
Total Engineering	397,848	397,848	383,382	14,466
Public Works				
Personal Services	14,945	15,445	15,018	427
Supplies, Materials and Other	167,033	166,533	125,499	41,034
Total Public Works	181,978	181,978	140,517	41,461
Finance Accounting				
Personal Services	309,875	306,780	305,032	1,748
Supplies, Materials and Other	40,144	43,239	42,253	986
Total Finance Accounting	350,019	350,019	347,285	2,734
Finance Income Tax				
Personal Services	105,975	86,950	86,824	126
Supplies, Materials and Other	18,887	37,912	37,267	645
Total Finance Income Tax	124,862	124,862	124,091	771

(continued)

See accompanying notes to the required supplementary information

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Finance Utility Billing				
Personal Services	$ 143,650	$ 143,650	$ 115,244	$ 28,406
Supplies, Materials and Other	65,336	65,336	59,863	5,473
Total Finance Utility Billing	208,986	208,986	175,107	33,879
Law Department				
Personal Services	293,045	310,395	304,205	6,190
Supplies, Materials and Other	12,278	12,278	7,289	4,989
Total Law Department	305,323	322,673	311,494	11,179
Non-Departmental				
Supplies, Materials and Other	652,807	910,807	897,857	12,950
Compost and Mulch				
Personal Services	22,950	22,950	21,435	1,515
Supplies, Materials and Other	2,500	2,500	1,416	1,084
Total Compost and Mulch	25,450	25,450	22,851	2,599
Zoning Compliance				
Personal Services	111,350	111,350	108,009	3,341
Supplies, Materials and Other	23,247	23,247	14,933	8,314
Total Zoning Compliance	134,597	134,597	122,942	11,655
Total General Government	**3,637,166**	**3,951,016**	**3,785,493**	**165,523**
Public Safety				
Police Services				
Personal Services	1,675,230	1,631,680	1,537,355	94,325
Supplies, Materials and Other	168,990	212,540	179,195	33,345
Total Police Services	1,844,220	1,844,220	1,716,550	127,670
Fire Services				
Personal Services	1,952,400	2,050,520	2,049,891	629
Supplies, Materials and Other	224,394	261,834	241,787	20,047
Total Fire Services	2,176,794	2,312,354	2,291,678	20,676
Total Public Safety	**4,021,014**	**4,156,574**	**4,008,228**	**148,346**
Public Health				
Supplies, Materials and Other	42,000	42,000	41,995	5
Total Public Health	**42,000**	**42,000**	**41,995**	**5**
Community and Development				
Personal Services	120,600	120,600	109,818	10,782
Supplies, Materials and Other	38,701	38,701	37,033	1,668
Total Community Development	**159,301**	**159,301**	**146,851**	**12,450**

(continued)

See accompanying notes to the required supplementary information

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Leisure Time Services				
Recreation Administration				
Personal Services	$ 141,375	$ 157,900	$ 157,778	$ 122
Supplies, Materials and Other	80,672	114,572	105,751	8,821
Total Recreation Administration	222,047	272,472	263,529	8,943
Recreation-Pool				
Supplies, Materials and Other	85,961	108,961	106,872	2,089
Total Recreation-Pool	85,961	108,961	106,872	2,089
Total Leisure Time Services	**308,008**	**381,433**	**370,401**	**11,032**
Total Expenditures	**8,167,489**	**8,690,324**	**8,352,968**	**337,356**
Excess of Revenues Under Expenditures	(94,289)	(617,124)	(104,136)	512,988
Other Financing Uses				
Operating Transfers Out	-	(130,000)	(130,000)	-
Total Other Financing Uses	-	(130,000)	(130,000)	-
Net Change in Fund Balance	(94,289)	(747,124)	(234,136)	512,988
Fund Balance, Beginning	5,185,110	5,185,110	5,185,110	-
Prior Year Encumbrances	134,232	134,232	134,232	-
Fund Balance, Ending	**$ 5,225,053**	**$ 4,572,218**	**$ 5,085,206**	**$ 512,988**

See accompanying notes to the required supplementary information

City of Urbana
Champaign County, Ohio
Schedule of Revenues, Expenditures, and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Police and Fire Levy Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Income Taxes	$ 1,630,106	$ 1,631,250	$ 1,515,344	$ (115,906)
Miscellaneous	-	-	1,063	1,063
Total Revenues	1,630,106	1,631,250	1,516,407	(114,843)
Expenditures:				
Current:				
Public Safety				
Personal Services	2,110,900	2,113,850	1,981,041	132,809
Capital Outlay	-	2,950	-	2,950
Total Public Safety	2,110,900	2,116,800	1,981,041	135,759
Net Change in Fund Balance	(480,794)	(485,550)	(464,634)	20,916
Fund Balance, Beginning	1,706,390	1,706,390	1,706,390	-
Fund Balance, Ending	**$ 1,225,596**	**$ 1,220,840**	**$ 1,241,756**	**$ 20,916**

See accompanying notes to the required supplementary information.

City of Urbana
Champaign County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Years

	2024	2023	2022	2021
Ohio Public Employees' Retirement System (OPERS)				
City's Proportion of the Net Pension Liability	0.020102%	0.020988%	0.019547%	0.020067%
City's Proportionate Share of the Net Pension Liability	$ 5,262,786	$ 6,199,864	$ 1,700,668	$ 2,971,486
City's Covered Payroll	$ 3,308,757	$ 3,275,300	$ 2,836,793	$ 2,826,300
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.06%	189.29%	59.95%	105.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%
Ohio Police and Fire Pension Fund (OPF)				
City's Proportion of the Net Pension Liability	0.1160963%	0.1219460%	0.117377%	0.114801%
City's Proportionate Share of the Net Pension Liability	$ 11,216,505	$ 11,583,688	$ 7,333,061	$ 7,826,087
City's Covered Payroll	$ 3,261,453	$ 3,117,799	$ 2,967,823	$ 2,763,695
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	343.91%	371.53%	247.09%	283.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
0.020455%	0.020390%	0.019665%	0.020217%	0.019715%	0.020529%
$ 4,043,070	$ 5,584,134	$ 3,085,058	$ 4,590,938	$ 3,414,888	$ 2,476,029
$ 3,145,663	$ 2,962,869	$ 2,751,560	$ 2,781,113	$ 2,608,371	$ 2,561,683
128.53%	188.05%	111.61%	164.86%	130.72%	96.51%
82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
0.117922%	0.126582%	0.123603%	0.125557%	0.135095%	0.144162%
$ 7,943,862	$ 10,332,436	$ 7,586,074	$ 7,952,654	$ 8,690,756	$ 7,468,214
$ 2,966,373	$ 2,913,388	$ 2,795,416	$ 2,616,381	$ 2,721,320	$ 2,784,088
267.80%	354.65%	271.38%	303.96%	319.36%	268.25%
69.89%	63.07%	70.91%	68.36%	66.77%	72.20%

See accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ 490,385	$ 463,226	$ 458,542	$ 397,151
Contributions in Relation to the Contractually Required Contribution	(490,385)	(463,226)	(458,542)	(397,151)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,502,750	$ 3,308,757	$ 3,275,300	$ 2,836,793
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Ohio Police and Fire Pension Fund (OPF)				
Contractually Required Contribution	$ 772,609	$ 699,845	$ 671,189	$ 635,502
Contributions in Relation to the Contractually Required Contribution	$ (772,609)	$ (699,845)	$ (671,189)	$ (635,502)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,609,937	$ 3,261,453	$ 3,117,799	$ 2,967,823
Contributions as a Percentage of Covered Payroll	21.40%	21.46%	21.53%	21.41%

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
$ 395,682	$ 440,393	$ 414,802	$ 357,702	$ 333,734	$ 313,004
(395,682)	(440,393)	(414,802)	(357,702)	(333,734)	(313,004)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,826,300	$ 3,145,663	$ 2,962,869	$ 2,751,560	$ 2,781,113	$ 2,608,371
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
$ 592,472	$ 635,634	$ 626,417	$ 599,842	$ 560,816	$ 582,135
$ (592,472)	$ (635,634)	$ (626,417)	$ (599,842)	$ (560,816)	$ (582,135)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,763,695	$ 2,966,373	$ 2,913,388	$ 2,795,416	$ 2,616,381	$ 2,721,320
21.44%	21.43%	21.50%	21.46%	21.43%	21.39%

See accompanying notes to the required supplementary information.

City of Urbana
Champaign County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Last Eight Years (1)

	2024	2023	2022	2021
Ohio Public Employees' Retirement System (OPERS)				
City's Proportion of the Net OPEB Liability (Asset)	0.020061%	0.021167%	0.019568%	0.019941%
City's Proportionate Share of the Net OPEB Liability (Asset)	$ (181,055)	$ 133,462	$ (612,900)	$ (355,265)
City's Covered Payroll	$ 3,308,757	$ 3,275,300	$ 2,836,793	$ 2,826,300
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-5.47%	4.07%	-21.61%	-12.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%	115.57%
Ohio Police and Fire Pension Fund (OPF)				
City's Proportion of the Net OPEB Liability	0.1160963%	0.1219460%	0.117377%	0.114801%
City's Proportionate Share of the Net OPEB Liability	$ 847,655	$ 868,220	$ 1,286,558	$ 1,216,335
City's Covered Payroll	$ 3,261,453	$ 3,117,799	$ 2,967,823	$ 2,763,695
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.99%	27.85%	43.35%	44.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.89%	52.59%	46.86%	45.42%

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

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

See accompanying notes to the required supplementary information.

2020		2019		2018		2017
0.020225%		0.020060%		0.019530%		0.020131%
$ 2,793,598		$ 2,615,481		$ 2,120,922		$ 2,033,400
$ 3,145,663		$ 2,962,869		$ 2,751,560		$ 2,781,113
88.81%		88.28%		77.08%		73.11%
47.80%		46.33%		54.14%		54.05%
0.117922%		0.126582%		0.123603%		0.125558%
$ 1,164,802		$ 1,152,723		$ 7,003,173		$ 5,959,934
$ 2,966,373		$ 2,913,388		$ 2,795,416		$ 2,616,381
39.27%		39.57%		250.52%		227.79%
47.08%		46.57%		14.13%		18.00%

See accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021
Ohio Public Employees' Retirement System (OPERS)				
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,502,750	$ 3,308,757	$ 3,275,300	2,836,793
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Ohio Police and Fire Pension Fund (OPF)				
Contractually Required Contribution	$ 18,050	$ 16,307	$ 15,589	$ 14,839
Contributions in Relation to the Contractually Required Contribution	(18,050)	(16,307)	(15,589)	(14,839)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,609,937	$ 3,261,453	$ 3,117,799	$ 2,967,823
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
$ -	$ -	$ -	$ 27,516	$ 55,622	$ 52,167
-	-	-	(27,516)	(55,622)	(52,167)
$ -	$ -	$ -	$ -	$ -	$ -
2,826,300	3,145,663	2,962,869	2,751,560	$ 2,781,113	$ 2,608,371
0.00%	0.00%	0.00%	1.00%	2.00%	2.00%
$ 13,818	$ 14,832	$ 14,567	$ 13,977	$ 13,082	$ 13,607
(13,818)	(14,832)	(14,567)	(13,977)	(13,082)	(13,607)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,763,695	$ 2,966,373	$ 2,913,388	$ 2,795,416	$ 2,616,381	$ 2,721,320
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information.

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NOTE 1 - BUDGETARY PROCESS

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

(1) The City must submit a tax budget of estimated cash receipts and disbursements for all funds to the County Budget Commission by July 20 of each year for the following year, January 1 through December 31.

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

(3) About January 1, the Certificate 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 will not exceed the amount stated in the initial or amended Certificate.

(4) A temporary appropriation measure may be passed to control cash disbursements for the period January 1 through March 31. Before April 1, a permanent appropriation measure must be passed for the period January 1 through December 31. The budget identifies specific expenditure amounts by object for each division within each fund.

(5) Unencumbered appropriations lapse at year end. State Statute provides that no contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.

(6) Several City funds are deemed appropriated by local ordinance or City Charter and are therefore exempt from the budget process. The City adopts budgets for the following governmental funds: General Fund, Street, Police and Fire Levy, Airport, Oak Dale Cemetery, Highway, Police and Fire Pension Levy, Coronavirus Relief, American Rescue Plan Act, Supplemental Investment, CDBG Program Income, Cemetery Trust Income, Fire Trust, Police Trust, Capital Improvements, Capital Police & Fire, City Beautification Trust, Parks & Recreation Trust, and Cemetery Improvement Funds.

The Mayor acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriation ordinance controls expenditures at the object level. Council can amend the budget at functional expense lines, through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval. Supplemental appropriations to the original appropriations ordinance were made during the year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported within assigned, committed, or restricted fund balance, since they do not constitute expenditures or liabilities.

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

(1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).

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

(3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to assigned, committed, or restricted fund balance (GAAP).

(4) Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Schedule. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

Reconciliation of the major differences between the budget basis and GAAP basis are as follows:

Net Change in Fund Balance

	General Fund	Police & Fire Levy Fund
GAAP Basis	$ 578,683	$ (308,508)
Net Adjustment for Revenue Accruals	395,977	(172,811)
Net Adjustment for Expenditure Accruals	(839,378)	16,685
Funds Budgeted Elsewhere	(246,475)	-
Adjustment for Encumbrances	(122,943)	-
Budget Basis	$ (234,136)	$ (464,634)

NOTE 2 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

No changes to the assumptions below since 2022. Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2022	2019	2018 and 2017	2016 and prior
Wage Inflation	2.75%	3.25%	2.75%	2.75%
Future Salary Increases, including wage inflation	2.75% to 10.75%	3.25% to 10.75%	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3.00%, simple	3.00%, simple	3.00%, simple	3.00%, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.90%	7.20%	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2024	2.30%, simple through 2024, then 2.05%, simple
2022	3.00%, simple through 2023, then 2.05%, simple
2021	0.50%, simple through 2021, then 2.15%, simple
2020	1.40%, simple through 2020, then 2.15%, simple
2017-2019	3.00%, simple through 2018, then 2.15%, simple
2016 and prior	3.00%, simple through 2018, then 2.80%, simple

Changes in Benefit Terms – OPERS

There were no significant changes in benefit terms.

Changes in Assumptions – OP&F

For 2022, the single discount rate changed from 8.00 percent to 7.50 percent.

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

Changes in Benefit Terms – OP&F

There were no significant changes in benefit terms.

NOTE 3 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

Assumption	2024	2023	2022	2021	2020	2019	2018
Wage Inflation	2.75%	2.75%	2.75%	3.25%	3.25%	3.25%	3.25%
Single Discount Rate	5.70%	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	3.77%	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

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

Changes in Benefit Terms – OPERS

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Assumptions – OP&F

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

Assumption	2024	2023	2022	2021	2020	2019	2018
Blended Discount Rate	4.07%	4.27%	2.84%	2.96%	3.56%	4.66%	3.24%
Municipal Bond Rate	3.38%	3.65%	2.05%	2.12%	2.75%	4.13%	3.16%

Changes in Benefit Terms – OP&F

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

CITY OF URBANA
CHAMPAIGN COUNTY, OHIO

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

FEDERAL GRANTOR *PASS THROUGH GRANTOR* PROGRAM / CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF JUSTICE			
Passed through the Ohio Attorney General			
Crime Victim Assistance	16.575	2E024VAGENE591	$ 25,613
Total U.S. Department of Justice			**25,613**
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Award			
Airport Improvement Program	20.106	AIP-3-39-0080-028-2023	271,244
	20.106	AIG-3-39-0080-029-2024	5,621
			276,865
Passed through the Ohio Department of Transportation			
Highway Planning and Construction	20.205	PID 112019	3,051,187
	20.205	PID 115978	30,322
			3,081,509
Total U.S. Department of Transportation			**3,358,374**
U.S. DEPARTMENT OF THE TREASURY			
Passed through the Ohio Office of Budget and Management			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	854,003
Passed through the Ohio Department of Development			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,359,709
			2,213,712
Total U.S. Department of the Treasury			**2,213,712**
Total Federal Expenditures			**$ 5,597,699**

The accompanying notes are an integral part of this schedule.

CITY OF URBANA
CHAMPAIGN COUNTY, OHIO

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

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 – MATCHING REQUIREMENTS

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

INDEPENDENT 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 of Urbana
Champaign County
205 S. Main Street
Urbana, Ohio 43078

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 Urbana, Ohio (the "City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Purpose of this Report
This 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
June 27, 2025

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

City of Urbana
Champaign County
205 S. Main Street
Urbana, Ohio 43078

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Urbana, 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, 2024. 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, 2024.

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.

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
June 27, 2025

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
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)?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

ALN 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:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted

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OHIO AUDITOR OF STATE
KEITH FABER

CITY OF URBANA

CHAMPAIGN 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 10/21/2025

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