OHIO AUDITOR OF STATE
KEITH FABER

METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI
HAMILTON COUNTY
DECEMBER 31, 2024

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Metropolitan Sewer District of Greater Cincinnati
Hamilton County
1605 Gest Street
Cincinnati, Ohio 45204

To the Hamilton County Board of Commissioners:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Metropolitan Sewer District of Greater Cincinnati, Hamilton County, Ohio (District), as of and for the year ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District'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 financial position of the Metropolitan Sewer District of Greater Cincinnati, Hamilton County, Ohio, as of December 31, 2024 and 2023, and the changes in financial position and, where applicable, cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

August 26, 2025

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THE METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI
HAMILTON COUNTY

MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)

This section of the Metropolitan Sewer District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal years ended December 31, 2024 and December 31, 2023. Please read it in conjunction with the District's basic financial statements and footnotes, beginning on page 13.

FINANCIAL HIGHLIGHTS FOR THE YEAR

- Assets and deferred outflows exceeded liabilities and deferred inflows by $1,514 million at the close of the 2024 fiscal year.
- The District's net position increased by $192,414 million in 2024, or 14.6%.
- During fiscal year 2024, the District's total assets increased $165.6 million to $2,580 million, a 6.9% increase.
- Total long-term liabilities decreased $103.2 million to $904 million in fiscal year 2024.
- The District's debt service coverage ratio remains strong at 2.2 for fiscal year 2024.
- A refinancing of the 2014 and 2015 Bonds was made in June of 2024, with the issue of a 2024 Series A Bond.

FINANCIAL STATEMENTS OVERVIEW

Financial Reporting Entity– The Metropolitan Sewer District of Greater Cincinnati is a Hamilton County enterprise fund managed and operated by the City of Cincinnati. The District is operated pursuant to the authority of the Revised Code authorizing the formation of joint sewer districts, agreements between counties and municipal corporations. The District provides sewage treatment within a service area of approximately 400 square miles and encompasses portions of four counties in southwestern Ohio. The District provides wastewater removal and treatment to over 220,000 residential, commercial, and industrial sewer connections and operates and maintains over 3,000 miles of sanitary and combined sewers, seven major wastewater treatment plants and 100 pump stations. As an enterprise fund, operations are reported on the full accrual basis of accounting: revenues are recognized when earned, and expenses are recognized when incurred. The County issues a separate Annual Comprehensive Financial Report which includes the District as a separate enterprise fund of the County. The financial statements of the District report information about the District using accounting methods similar to those used by private-sector companies. These statements provide both long-term and short-term information about the District's overall financial status.

Financial Statement Structure --

In addition to the Independent Auditor's Report, the annual financial report consists of three segments:

- The Management's Discussion and Analysis provides explanations for, and analysis of, the District's financial activities based upon currently known facts, conditions, and decisions of the District's management. While primarily focused on the current year's results compared with prior years, this discussion also addresses certain long-term issues, which may, in the management's opinion, impact the District's financial performance.

- Basic Financial Statements, which depict the District's financial position as of December 31, 2024 and 2023, along with earnings performance and cash flow information. These statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows.
- The accompanying notes explain some of the financial statement data and provide more detailed information.

Required Basic Financial Statements -- The Statement of Net Position is the first required statement; it includes the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and nature and extent of obligations (liabilities) with the difference being reported as net position. It also provides the basis for computing the rates of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation also need to be considered in assessing the District's financial condition. The Statement of Revenues, Expenses, and Change in Net Position is the second required financial statement which demonstrates the changes in net position from one fiscal period to the next by accounting for revenues and expenditures and measuring the financial results of operations. This statement measures the profitability (i.e., change in net position) of the District's operations over the past year and can be used to determine whether the District has successfully recovered all of its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operations, investing, and capital and noncapital financing activities. It also provides information regarding sources of cash, uses of cash, and changes in cash balances during the reporting period.

Notes to the audited financial statements contain information essential to understanding them, such as the District's significant accounting policies and information about certain financial statement account balances.

FINANCIAL ANALYSIS

Table A below shows that in fiscal year 2024, 81% of the District's net position reflects its investment in capital assets (e.g., buildings, sewer laterals, and equipment), less related debt still outstanding used to acquire those assets. These capital assets are used primarily in the collection and treatment of wastewater throughout the District's service area.

- The related liabilities will be repaid with resources provided by system users through rates and fees. Long-term debt (net of the current portion) decreased by $83 million in 2024, or -8.3%, and decreased by $59.6 million in 2023, or -5.3%.
- Net position increased $192,414 million in 2024 and increased $33.2 million in 2023. Percentage increases over the two-year period of 14.6%, and 2.6%, respectively. Total expenses in both years were due to fluctuations attributable to accounting for pensions and price increases.

Table A	2024	2023	Percentage Increase (Decrease) over 2023	2023	2022	Percentage Increase (Decrease) over 2022
Current and other assets	98,936	95,798	3.3%	95,798	95,623	0.2%
Noncurrent (restricted assets)	416,136	361,768	15.0%	361,768	377,329	-4.1%
Capital assets, net	2,065,177	1,957,085	5.5%	1,957,085	1,902,834	2.9%
Total assets	2,580,249	2,414,651	6.9%	2,414,651	2,375,786	1.6%
Deferred outflows	12,163	18,492	-34.2%	18,492	76,424	-75.8%
Current liabilities	93,496	94,811	-1.4%	94,811	85,881	10.4%
Noncurrent liabilities	923,982	1,007,127	-8.3%	1,007,127	1,063,837	-5.3%
Total liabilities	1,017,478	1,101,938	-7.7%	1,101,938	1,149,718	-4.2%
Deferred inflows	60,955	9,640	532.3%	9,640	14,175	-32.0%
Net investment in capital assets	1,232,265	1,234,780	-0.2%	1,234,780	1,124,409	9.8%
Restricted	10,891	5,124	112.5%	5,124	4,602	11.3%
Unrestricted	270,823	81,661	231.6%	81,661	159,306	-48.7%
Total net position	1,513,979	1,321,565	14.6%	1,321,565	1,288,317	2.6%

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MANAGEMENT DISCUSSION AND ANALYSIS
(UNAUDITED)

Table B below shows total operating revenues for fiscal year 2024 of $293.7 million, an increase of $9.3 million, or 3.3%. Operating revenues were $284.4 million, an increase of $10.8 million, or 4.0% in 2023. Meanwhile, total expenses decreased $108.5 million, or -39.5%, in 2024 and increased $101.3 million, or 58.5%, in 2023. The decrease in total expenses for 2024 was due to the negative pension expense calculation of -$74,327. Increases in total expenses in 2023 was also due to fluctuations attributable to accounting for pensions and price increases.

Table B	2024	2023	Percentage Increase (Decrease) over 2023	2023	2022	Percentage Increase (Decrease) over 2022	2022	2021	Percentage Increase (Decrease) over 2021
Operating revenues	293,726	284,462	3.3%	284,462	273,618	4.0%	273,618	266,026	2.9%
Nonoperating revenues	74,939	14,187	428.2%	14,187	(9,235)	-253.6%	(9,235)	(179)	5059.2%
Total revenues	368,665	298,649	23.4%	298,649	264,383	13.0%	264,383	265,847	-0.6%
Depreciation expense	65,969	64,943	1.6%	64,943	67,319	-3.5%	67,319	67,813	-0.7%
Other operating expenses	143,426	133,299	7.6%	133,299	134,868	-1.2%	134,868	119,506	12.9%
Pension expense	(74,327)	55,127	-234.8%	55,127	(51,387)	-207.3%	(51,387)	(59,287)	-13.3%
Nonoperating expenses	49,025	21,106	132.3%	21,106	22,332	-5.5%	22,332	27,078	-17.5%
Total expenses	184,093	274,475	-32.9%	274,475	173,132	58.5%	173,132	155,110	11.6%
Income from Operations	184,572	24,174	663.5%	24,174	91,251	-73.5%	91,251	110,737	-17.6%
Capital contributions	7,842	9,073	-13.6%	9,073	6,354	42.8%	6,354	4,134	53.7%
Change in net position	192,414	33,247	478.7%	33,247	97,605	-65.9%	97,605	114,871	-15.0%
Total Net Position, beginning	1,321,565	1,288,318	2.6%	1,288,318	1,190,713	8.2%	1,190,713	1,075,842	1.2%
Total Net Position, ending	1,513,979	1,321,565	14.6%	1,321,565	1,288,318	2.6%	1,288,318	1,190,713	-0.4%

- In 2024, operating expenses, excluding depreciation and net pension expense, increased $10.1 million to $143.4 million from $133.2 million in 2023. The increase was due to utilities, fuel and supplies and other operating expenses. 2023 saw a decrease of $1.6 million, or 1.2%, from the prior year. The decrease was due to a reduction in purchased services and other operating expenses.
- Salary and wages increased $4.7 million to $65.6 million in 2024 compared to $60.8 million in 2023. This was a combination of salary and wages and employee benefits.
- Depreciation expense increased $1.0 million, or 1.6%, in 2024. Depreciation expense decreased $2.4 million, -3.5%, in 2023 compared to the prior year.
- Non-operating expenses for 2024 were $49 million, an increase of $27.9 million or 132%. The increase was due to on behalf contractor project expenses. In 2023, non-operating expenses decreased $1.2 million, or -5.5% from the prior year.

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Table C reflects year-end capital balances. As of December 31, the District's investment in capital assets (net of accumulated depreciation) amounted to $2,065 million in 2024 and $1,957 million in 2023. Capital assets increased $70,447 in 2024, or 3% on system improvement projects, land acquired for those projects and equipment replacement. Capital contributions were $7.8 million and $9.1 million in 2024 and 2023, respectively.

Additional information on the District's capital assets can be found in Note 5 of the financial statements.

Table C	2024	2023	Percentage Increase (Decrease) over 2023
Land	12,313	12,313	0.0%
Buildings	432,336	390,603	10.7%
Leased Asset Building	15,000	15,000	0.0%
Equipment	817,774	796,415	2.7%
Sewer Laterals	1,626,657	1,577,569	3.1%
Construction in Progress	514,678	453,673	13.4%
Subtotal	3,418,758	3,245,573	5.3%
Less accumulated depreciation	1,348,144	1,283,426	5.0%
Less accumulated depreciation Leased Asset	5,437	5,062	7.4%
Net capital assets	2,065,177	1,957,085	3.3%

Increase in system improvement projects, land for those projects and equipment replacement:	2024	2023	Percentage Increase (Decrease) over 2023
Sewer Laterals	1,626,657	1,577,569	3.1%
Equipment	817,774	796,415	2.7%
	2,444,431	2,373,984	3.0%

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Bond Issuances

The District finances its construction program through a combination of revenue bonds, state revolving loans through the State of Ohio and cash, with the primary source being tax-exempt revenue bonds. The District's bond ratings are:

- Moody's Investors Services Aa2
- Standard & Poor's Corporation AA+

The District issued two bonds in 2024, a $100,000,000 Series A Revenue Bond and a $66,440,000 Series B Refunding Bond. See the Notes to the Financial Statements – Long Term Debt for further information.

Revenue bond Debt Service Coverage (DSC) remains high. In 2024, DSC was 346% and 316% in 2023, compared to an Agency policy of 150% (25% higher than indenture requirements). Total debt service coverage for 2024 was 219% and 199% in 2023.

Hamilton County Commissioners approved a 3% sewer rate increase for the District effective 1/1/2024.

GASB 68

During 2015, the Metropolitan Sewer District of Greater Cincinnati adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Metropolitan Sewer District of Greater Cincinnati's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the Metropolitan Sewer District of Greater Cincinnati's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Metropolitan Sewer District of Greater Cincinnati is not responsible for certain key factors affecting the balance of this liability. The Metropolitan Sewer District of Greater Cincinnati employees are covered by two pension systems. They are the City of Cincinnati Retirement System (CRS), and the Ohio Public Employees Retirement System (OPERS). The City of Cincinnati Retirement System (CRS) is accounted for as a single employer defined benefit pension plan. For CRS, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are set by the City of Cincinnati ordinance. The CRS system provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The City of Cincinnati makes employer contributions based on a percentage of covered payroll of all CRS members. For Ohio PERS, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

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

For additional information on the Management Discussion and Analysis please contact:

Metropolitan Sewer District of Greater Cincinnati
Office of the Director
1600 Gest Street, Cincinnati, OH 45204

Metropolitan Sewer District of Greater Cincinnati
Statement of Net Position
For The Periods Ended December 31, 2024 And December 31, 2023
(All amounts expressed in thousands)

	2024	2023
ASSETS		
Current assets:		
Cash, cash equivalents and pooled investments held by the City of Cincinnati (Note 2)	$ 23,944	$ 22,216
Accounts receivable (Note 3)	45,006	41,236
Prepaid expenses and other (Note 14)	597	1,940
Total current assets	69,547	65,392
Noncurrent assets:		
Restricted assets:		
Cash, cash equivalents, and pooled investments held by the City of Cincinnati		
Construction account (Note 2)	10,035	21,014
Amount to be transferred to surplus account (Note 2)	70,422	75,357
Held by trustee: (Note 4)		
Cash and cash equivalents (Note 2)	53,320	5,545
Investments - Held to maturity (Note 2)	282,359	259,852
Total restricted assets	416,136	361,768
Other assets:		
Other	29,389	30,406
Total other assets	29,389	30,406
Capital assets: (Note 5)		
Land	12,313	12,313
Buildings	447,336	405,603
Sewer Laterals	1,626,657	1,577,569
Equipment	817,774	796,415
Construction in progress	514,678	453,673
Total capital assets	3,418,758	3,245,573
Less:		
Accumulated depreciation	(1,353,581)	(1,288,488)
Net capital assets	2,065,177	1,957,085
Total noncurrent assets	2,510,702	2,349,259
Total assets	2,580,249	2,414,651
Deferred outflow of resources		
Deferred charges on refunding		3,708
Deferred Pension Outflows	12,163	14,784
Total Deferred Outflow of Resources	12,163	18,492

The notes to the financial statements are an integral part of the financial statements

Metropolitan Sewer District of Greater Cincinnati
Statement of Net Position
For The Periods Ended December 31, 2024 And December 31, 2023
(All amounts expressed in thousands)

	2024	2023
LIABILITIES		
Current liabilities:		
Payable from current assets:		
Current portion of long-term debt (Note 6)	60,162	60,096
Current portion of compensated absences (Note 8)	6,312	5,913
Accounts payable	6,910	8,326
Accrued payroll expenses	2,926	3,088
Total current liabilities payable from current assets	76,310	77,423
Payable from restricted assets:		
Construction accounts payable	15,676	15,982
Accrued interest payable	1,510	1,406
Total current liabilities payable from restricted assets	17,186	17,388
Total current liabilities	93,496	94,811
Noncurrent liabilities:		
Accrued compensated absences (Note 8)	4,163	4,022
Long-term debt (Note 6)	757,074	711,236
Net Pension Liability CRS (Note 9)	160,297	288,294
Net Pension Liability OPERS	2,448	3,502
Net Other Post Employment Benefit Liability (Note 10)	0	73
Total noncurrent liabilities	923,982	1,007,127
Total liabilities	1,017,478	1,101,938
Deferred Inflow of resources		
Deferred Pension Inflows (Note 10)	60,955	9,640
Net position:		
Net investment in capital assets	1,232,265	1,234,780
Restricted	10,891	5,124
Unrestricted	270,823	81,661
Total Net Position	$ 1,513,979	$ 1,321,565

The notes to the financial statements are an integral part of the financial statements

Metropolitan Sewer District of Greater Cincinnati
Statement of Revenues, Expenses and Changes in Fund Net Position
For The Periods Ended December 31, 2024 And December 31, 2023
(All amounts expressed in thousands)

	2024	2023
REVENUES		
Operating revenues:		
Sewerage service charges	$ 267,299	$ 257,962
Sewer surcharges	20,680	22,801
All other revenues	5,747	3,699
Total operating revenues	293,726	284,462
EXPENSES		
Operating expenses:		
Personnel services:		
Salary and Wages	65,591	60,848
Pension Expense	(74,327)	55,127
Purchased services	38,429	36,548
Utilities, fuel and supplies	26,879	24,132
Depreciation	65,969	64,943
Other expenses	12,527	11,771
Total operating expenses	135,068	253,369
Operating income	158,658	31,093
NONOPERATING		
Nonoperating revenues (expenses):		
Interest income	13,932	8,776
On behalf contractor and reimbursement drawdowns	38,500	
Change in fair value of investments	22,507	5,411
Interest expense	(29,093)	(21,106)
On behalf contractor project expense	(19,932)	0
Total nonoperating revenues (expenses)	25,914	(6,919)
Net Income (loss) before contributions	184,572	24,174
-		
Capital contributions	7,842	9,073
Change in net position	192,414	33,247
Total net position, beginning	1,321,565	1,288,318
Total net position, ending	$ 1,513,979	$ 1,321,565

The notes to the financial statements are an integral part of the financial statements

Metropolitan Sewer District of Greater Cincinnati
Statement of Cash Flows
For The Periods Ended December 31, 2024 And December 31, 2023

	2024	2023
Cash flows from Operating Activities:		
Cash received from customers	$ 282,054	$ 280,412
Cash payments for goods and services	(77,861)	(74,257)
Cash payments for personnel costs	(65,507)	(60,702)
Other operating revenues	5,747	2,699
Net Cash Provided by Operating Activities	144,433	148,152
Cash Flows from Capital and Related Financing Activities:		
Principal and interest payments on long-term debt	(81,700)	(81,794)
Bond issues	166,440	
Payments to Escrow Agent	(32,337)	
Bond Premium	15,861	
Bond refunding and new issue costs	(1,678)	
Acquisition and construction of capital assets	(130,009)	(107,413)
Loan and Grant reimbursements	18,672	6,162
Transfer into construction account from trustee investment account	100,357	102,675
Transfer from operating cash account to trustee investment account	(126,757)	(62,675)
Tap-in fees and assessments	4,660	6,205
Proceeds from the sale of capital assets	38	131
Net Cash (Used) by Capital and Related Financing Activities	(66,453)	(136,709)
Cash Flows from Investing Activities:		
Purchase of government securities	(70,282)	(4,518)
Net increase (decrease) in fair value of cash and investments	22,507	5,412
Interest earned on investments	3,384	2,400
Net Cash Provided (Used) by Investing Activities	(44,391)	3,294
Net Increase (Decrease) in Cash and Cash Equivalents	33,589	14,737
Cash and Cash Equivalents at January 1	124,132	109,395
Cash and Cash Equivalents at December 31	$ 157,721	$ 124,132
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Income from operations	$ 158,658	$ 31,093
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	65,969	64,943
Capital Expenses moved to Operating	62	19
Operating Expenses Reimbursed by interdepartmental billings and other agencies		(121)
Changes in assets and liabilities:		
Net change in customer accounts receivable	(3,770)	771
Net change in prepaid assets	(1,343)	(616)
Net change in other assets	(1,017)	(592)
Net change in operating accounts payable	(1,416)	(363)
Net change in accrued payroll and related expenses	378	(77)
Net change in Pension Liability	(129,051)	3,235
Net change in Other Post Employment Benefit Liability (Note 10)	(73)	73
Net change in cash received from customers	(35)	(753)
Net change in Deferred Charges on Refunding Outflows	3,708	986
Net change in Deferred Pension Outflows	2,621	56,946
Net change in Deferred Pension Inflows (Note 10)	51,315	(4,535)
Net change in operating capital expenses transferred to fixed sssets	(1,573)	(2,857)
Net Cash Provided by Operating Activities	$ 144,433	$ 148,152
Non-cash Transactions:		
Structures donated as contributed capital in aid of construction	$ 2,674	$ 4,833

The notes to the financial statements are an integral part of the financial statements

NOTE 1 - ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the accompanying financial statements follows:

Organization

The Metropolitan Sewer District of Greater Cincinnati (the District), an enterprise fund of the County of Hamilton, Ohio, collects and treats industrial and residential wastewater for municipalities and unincorporated areas of Hamilton County. The District was formed on April 10, 1968, pursuant to resolutions of the Board of County Commissioners of Hamilton County and Ordinances of the City of Cincinnati, providing for a consolidation of the City Sewer Department and the County Sewer District. The two entities executed an agreement with an initial 50-year term. Per the agreement, the City is responsible for operational management. The original agreement was set to expire in April 2018 but has since been extended indefinitely by the Federal District Court. The parties remain in mediation in the Federal District Court to resolve their remaining disputes.

Under a contract with the City of Cincinnati, the Board designated the City as its agent for the maintenance and operation of the District. The annual budget, prepared on a non-GAAP budgetary basis of accounting, is approved by the Board and administered by the City. Budgetary control is exercised at the divisional level, and between personnel and all other costs. The County issues a separate Annual Comprehensive Financial Report which includes the District as a separate enterprise fund of the County.

Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting, whereby revenues and expenses are recognized in the period earned or incurred.

Use of Estimates

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

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Statement of Cash Flows

For purposes of the Statements of Cash Flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Pooled cash and investments held by the City of Cincinnati are considered cash equivalents by the District.

Investments

The District is required by Ohio law to invest in only United States obligations; federal agency securities; Ohio bonds and other obligations or such obligations of political subdivisions of the state, provided that the subdivisions are located within Hamilton County; time certificates of deposit or deposit accounts in an eligible institution; and no-load money market mutual funds consisting only of investments mentioned above. Investments are required to mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the District.

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements.

Prepaids

Payments made for services that will benefit periods beyond fiscal year end December 31, 2024, are recorded as prepaids using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Inventory

Supplies and materials are stated at the lower of cost or market on a first-in, first-out (FIFO) basis.

Capital Assets

Capital assets include land, construction in progress, buildings, sewer laterals and mains, studies and equipment. Capital assets are defined as assets with an initial, individual cost of more than $5,000.

Capital assets are stated at historical cost for assets acquired after the District's inception in 1968. Assets which were acquired prior to 1968 and not identifiable with specific historical costs are not included in the capital assets balance. Assets acquired by the District through contributions, such as contributions from land developers and federal and state grants, are capitalized and recorded in the plant records at the contributors' reported cost. Construction costs include the cost of in-force labor. See Note 5 for more information on capital assets.

Land acquired for the District's use is titled to either the City of Cincinnati or Hamilton County. The cost of this land has been recorded on the books of the District since it has the full benefit of the land as an economic resource.

Depreciation expense is computed on the straight-line method over the estimated useful lives of the respective assets. The estimated lives are as follows:

Building	40 years
Sewer Laterals	40 years
Equipment	5-25 years

Any gain or loss arising from the disposal of capital assets has been credited or charged to income.

Unamortized Financing Costs

The unamortized financing costs include insurance, consulting and attorney fees incurred in connection with the revenue bond obligations. These amounts are being amortized on the straight-line method over the lives of the revenue bonds. Bond premiums and discounts are being amortized on the interest method over the lives of the revenue bonds.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. 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) until then. For the District, deferred outflows of resources are reported on the statement of net position for deferred charges on refunding, pension and other postemployment benefits (OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 9 and 10.

In addition to liabilities, the statement of financial position reports 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 District, deferred inflows of resources have been recorded in the statement of net position for pension and OPEB, as explained in Notes 9 and 10.

Pension/OPEB Plans

Employees participate in either the City of Cincinnati’s Retirement System or the Ohio Public Employees Retirement System. For purposes of measuring net pension liabilities and net OPEB assets, deferred outflows of resources and deferred inflows of resources related to pension and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair values.

Compensated Absences

Compensated absences include accrued vacation time, sick leave, compensatory time, and other related payments. Compensatory time and vacation time are paid out in full upon termination and are expensed in the year earned. Sick leave is paid out at various levels. The liability for sick leave is computed with the Termination Payment Method using an historical average of total years worked and total amount paid. The current amounts are an average of the annual expenditures. The entire compensated absence liability is reported on the financial statements.

Net Position

Net positions are the difference between assets, deferred outflows, deferred inflows, and liabilities. Net investment in capital assets are capital assets less accumulated depreciation and any outstanding long-term debt related to the acquisition, construction or improvement of those assets. Net positions are reported as restricted when there are legal limitations that are imposed on their use by county legislation or external restrictions by other governments, creditors or grantors. Restricted net positions of the District relate to debt service.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. The District does not have net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for wastewater treatment. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

Contributions of Capital

Contributions of capital arise from outside contributions of capital assets or outside contributions of resources restricted to capital acquisition and construction.

Customer Assistance Program (CAP)

A Customer Assistance Program (CAP) was approved by the Board of Commissioners in April 2019 to take effect on July 31, 2019. The program is a 25% discount offered to low-income seniors, 65 years of age and older. The discount has been well-received and at the end of 2024, over 3,000 senior citizens have enrolled in the CAP program.

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NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

State statutes classify monies held by the District 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 District's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the District 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 District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by financial institutions as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is collateral is required for demand deposits and certificates of deposit at 105 percent, or 102 percent if the financial institution participates in the Treasurer of State's Ohio Pooled Collateral System, of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities, school districts, and district corporations. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required. The District is required to categorize deposits and investments according to GASB Statement No. 3 *Deposits with Financial Institutions, Investments, and Reverse Purchase Agreements*. The carrying value of the District's cash and cash equivalents was $104,401,205 and $118,444,000 at December 31, 2024 and 2023, respectively.

Amounts held by the City of Cincinnati are invested on the District's behalf in accordance with the Cincinnati Municipal Code. Amounts held by the City are collateralized as part of the City's cash and investment balances. For GASB 40 disclosure requirements, refer to the financial statements as of June 30, 2024, for the City of Cincinnati.

Although the pledging bank has an investment and securities pool used to collateralize all public deposits, which are held in the financial institution's name, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC. The deposits not covered by federal depository insurance are considered uninsured and uncollateralized and subject to custodial credit risk.

Investments

State Statute, board of county commissioners resolutions, and the 1985 Trust Indenture as amended authorize the District to invest in obligations of U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily. Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the finance director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The District has no investment policy that addresses interest rate risk.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, and the Federal Home Loan Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Funds held by the trustee are eligible investments as defined by the Trust Agreement and are in the name of the trustee for the benefit of the District.

Investments made by the District are summarized below. Trustee account investments are categorized according to credit risk into the following categories: (1) insured or registered, or securities held by the District or its agent (bank trust department) in the District's name; or (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name; or (3) uninsured, unregistered securities held by the counterparty, or its trust department or agent but not in the District's name. Money market funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form. As stated in GASB Statement No. 40, obligations of the U. S. government or obligations explicitly guaranteed by the U. S. government are not considered to have credit risk and do not require disclosure of credit quality.

The money market funds are invested in a treasury obligation fund with a Moody's credit rating of Aaa.

Concentration of Credit Risk: The Metropolitan Sewer District uses the City of Cincinnati's Investment Policy which addresses concentration of credit risk by requiring investments to be diversified to reduce risk of loss resulting from over concentration of assets in a specific issue or class of security. The following table includes the percentage of each investment type held by the District at December 31, 2024.

Investment Type	Fair Value	% of Total
Investments held by the City of Cincinnati	$104,401,206	23.72
U.S. Agency Securities	$29,177,469	6.63
U.S. Treasury Securities	$253,181,826	57.53
Money Market Funds	$53,320,373	12.12
	$440,080,874	100.00

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments of the financial statements and the classification per GASB Statement No. 3 is as follows:

(all amounts in thousands)

December 31, 2024	**Cash and Cash Equivalents**	**Investments**
GASB Statement No. 9	$157,721	$282,359
Money Market Funds	(53,320)	53,320
Total	$104,401	$335,679

(all amounts in thousands)

December 31, 2023	**Cash and Cash Equivalents**	**Investments**
GASB Statement No. 9	$124,132	$259,852
Money Market Funds	(5,545)	5,545
Total	$118,587	265,397

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Fair Value Measurements: District categorizes its fair value measurements within the fair value hierarchy establish by GASB Statement No. 72. The District has the following recurring fair value measurements as of December 31, 2024:

Fair Value Measurements Using
(amounts in thousands)

Investments by Fair Value Level	Fair Value	Quoted Price In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
U.S. Treasury Securities	$253,182	253,182	
U.S. Agency Securities	$29,177		29,177
	$282,359	$ 253,182	$ 29,177

U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using quoted market prices. U.S. Agency securities classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by investment managers.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

(all amounts in thousands)

	2024	2023
Sewer charges and surcharges:		
Unbilled amount	$24,201	$22,779
Billed amount	30,714	27,979
Less Allowance for doubtful accounts	(11,775)	(11,229)
Other	1,866	1,707
Total	$45,006	$41,236

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NOTE 4 - RESTRICTED ASSETS

The Trust Agreement for the Series A Revenue Bonds (see Long-Term Debt Note) requires the establishment of certain trust accounts including a Bond Account, Bond Reserve Account, and a Surplus Account to be held by the Trustee. The Bond Account will be used to accumulate periodic principal and interest payments. The Bond Reserve Account will be funded in an amount equal to the highest annual future debt service requirement. The Surplus Account is available to be used for any other Sewer System purpose. The Trust Agreement also requires the creation of a Construction Account to be held by the City to pay for project costs. At December 31, 2024 and 2023 the following balances (at fair value) were maintained in the trust accounts:

(all amounts in thousands)

	2024	2023
Held by trustee:		
Reserve	$24,725	$44,890
Bond retirement	10,890	5,137
Surplus	300,064	215,370
Total	$335,679	$265,397

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NOTE 5 - CAPITAL ASSETS

December 31, 2024	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 12,313	$ -		$ 12,313
Construction in progress	453,673	168,144	(107,139)	514,678
	$ 465,986	$ 168,144	$ (107,139)	$ 526,991
Capital Assets, being depreciated:				
Buildings	390,603	41,733	-	432,336
Leased Asset Building	15,000	-		15,000
Equipment	796,415	22,235	(876)	817,774
Sewer Laterals	1,577,569	49,088	-	1,626,657
	2,779,587	113,056	(876)	2,891,767
Total Capital Assets	3,245,573	281,200	(108,015)	3,418,758
Less accumulated depreciation:				
Buildings	187,857	8,015		195,872
Leased Asset Building	5,062	375		5,437
Equipment	424,035	19,122	(876)	442,281
Sewer Laterals	671,534	38,457		709,991
Total Accumulated Depreciation	1,288,488	65,969	(876)	1,353,581
Net Capital Assets	$ 1,957,085	$ 215,231	$ (107,139)	$ 2,065,177

Capital Asset category Sewer Laterals is comprised of two asset types, one is Sewer Lateral which are depreciated and Study Assets which are amortized.

In 2024, Capital Assets depreciation expense was $65,969,000 for the year.

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(all amounts in thousands)

December 31, 2023	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being depreciated:				
Land	$ 12,313	$ -		$ 12,313
Construction in progress	507,895	113,579	(167,801)	453,673
	$ 520,208	$ 113,579	$ (167,801)	$ 465,986
Capital Assets, being depreciated:				
Buildings	341,939	48,664	-	390,603
Leased Asset Building	15,000			15,000
Equipment	779,400	20,032	(3,017)	796,415
Sewer Laterals	1,472,819	104,750	-	1,577,569
	2,609,158	173,446	(3,017)	2,779,587
Total Capital Assets	3,129,366	287,025	(170,818)	3,245,573
Less accumulated depreciation:				
Buildings	180,450	7,407		187,857
Leased Asset Building	4,687	375		5,062
Equipment	406,800	20,221	(2,986)	424,035
Sewer Laterals	634,594	36,940		671,534
Total Accumulated Depreciation	1,226,531	64,943	(2,986)	1,288,488
Net Capital Assets	$ 1,902,835	$ 222,082	$ (167,832)	$ 1,957,085

Capital Asset category Sewer Laterals is comprised of two asset types, one is Sewer Lateral which are depreciated and Study Assets which are amortized.

In 2023, Capital Assets depreciation expense was $64,943,000 for the year.

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NOTE 6 - LONG-TERM DEBT

Long-term debt consisted of the following:

(all amounts in thousands)

	Principal Issue	Interest Rate %	Year of Maturity	2024	2023
Revenue Bonds					
2024 Series A	100,000	5.00	2053	$ 99,866	$ -
2024 Series B	66,440	5.00	2032	61,083	-
2022	134,605	5.00	2038	120,731	131,070
2020	74,525	5.00	2035	51,574	58,075
2019 - Direct Placement	107,970	4.00-5.00	2034	84,045	90,305
2015	52,520	3.00-5.00	2025	-	4,080
2014	162,650	4.00-5.00	2032	-	96,345
				$ 417,299	$ 379,875
Ohio Water and Sewer Rotary Commission	-	-	-	50	50
Ohio Public Works Commission	-	0.00-3.00	2041	182	203
Water Pollution Control Loan Fund	-	2.50-3.50		343,919	328,160
Lease Liability	15,000	2.00-5.00	2029	4,940	5,800
Total obligations				766,390	714,088
Bond Premiums				50,846	57,244
Deferred loss on defeasance				-	(3,708)
Current maturities				(60,162)	(60,096)
Long-term portion				$ 757,074	$ 707,528

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THE METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

Principal and interest payments on long-term debt for the next five years and thereafter are as follows:

(all amounts in thousands)

	Revenue Bonds		Direct Placement Bonds		WPCLF		OPWC		Lease Liability	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	28,665	13,929	6,760	4,193	23,832	6,174	10	-	895	173
2026	31,155	12,745	7,090	3,855	25,569	6,401	10	-	930	137
2027	28,695	11,504	7,380	3,500	26,826	6,295	10	-	965	99
2028	29,790	10,410	7,695	3,131	25,920	5,679	10	-	990	71
2029	20,650	9,270	8,075	2,747	26,401	5,064	10		1,160	41
2030-2034	81,395	29,812	47,045	6,999	75,971	18,151	52	-		
2035-2039	47,540	26,098			58,578	9,045	52	-	-	-
2040-2044	18,425	17,486	-	-	44,286	4,917	28	-	-	-
2045-2049	23,525	9,499			28,908	1,574	-			
2050-2053	23,414	2,999			7,628	106				
	$ 333,254	$ 143,752	$ 84,045	$ 24,425	$ 343,919	$ 63,406	$ 182	$ -	$ 4,940	$ 521

Bond discount, premium, and loss on defeasance activity for the year:

December 31, 2024	Beginning Balance	Amortized	Refunded	Issued	Ending Balance
Bond Premium	$ 57,243	$ (22,258)	$ -	$ 15,861	$ 50,846
Loss on defeasance	(3,708)		3,708	5,972	5,972
Total	$ 53,535	$ (22,258)	$ 3,708	$ 21,833	$ 56,818

December 31, 2023	Beginning Balance	Amortized	Refunded	Issued	Ending Balance
Bond Premium	$ 62,486	$ (5,243)	$ -	$ -	$ 57,243
Loss on defeasance	(4,693)	985	-	-	(3,708)
Total	$ 57,793	$ (4,258)	$ -	$ -	$ 53,535

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Long-term debt activity for 2024:

(all amounts in thousands)

December 31, 2024	Beginning Balance	Additions	Reductions	Ending Balance
Revenue Bonds	$ 289,570	$ 166,440	$ 122,756	$ 333,254
Revenue Bonds - Direct Placement	$ 90,305		$ 6,260	$ 84,045
Ohio Water and Sewer Rotary Commission	50			$ 50
Ohio Public Works Commission	203		21	$ 182
Water Pollution Control Loan Fund	328,160	39,059	23,300	$ 343,919
Lease Liability	5,800		860	4,940
Total	$ 714,088	$ 205,499	$ 153,197	$ 766,390

Long-term debt activity for 2023:

(all amounts in thousands)

December 31, 2023	Beginning Balance	Additions	Reductions	Ending Balance
Revenue Bonds	$ 317,155	$ -	$ 27,585	$ 289,570
Revenue Bonds - Direct Placement	$ 96,455		$ 6,150	$ 90,305
Ohio Water and Sewer Rotary Commission	50			$ 50
Ohio Public Works Commission	242		39	$ 203
Water Pollution Control Loan Fund	344,972	5,526	22,338	$ 328,160
Lease Liability	6,625		825	5,800
Total	$ 765,499	$ 5,526	$ 56,937	$ 714,088

Revenue Bonds

The District placed two Bond issues during 2024, a 2024 Series A Refunding Bond and a 2024 Series B Revenue Bond.

a) In June of 2024, the District issued a $100,000,000 Series A Revenue Bond. The Bonds were sold at a premium of $11,134,471, which will be recognized over the life of the Bond maturing in 2053. Proceeds from the 2024 Series A Bond issue shall be used for 2024 Project capital project funding to include surplus debt coverage.

b) In December of 2024, the District issued a $66,440,000 Series B Refunding Bond. The Bonds were sold at a premium of $4,726,584, to be recognized over the life of the issue maturing in 2049. Proceeds from the 2024 Series B Bond issue refunded both the 2015A Series Bond and 2014A Series Bond, as described below in Revenue Bonds (Refunded).

c) Effective April 20, 2022, the District issued $134,605,000 Series A, Sewer Refunding Revenue Bonds. The proceeds from the 2022A Series Bonds were used to defease portions of the 2013A revenue bonds and pay for the cost of issuance. The 2022A Bonds are special obligations of the District, payable solely from the net revenues of the District and were issued on parity with the 2013, 2014, 2015, 2019, 2020 bonds secured equally and ratably under the Trust Agreement.
A portion of the proceeds was used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service to refund $125,985,000 of outstanding 2013A Bonds. As a result, these bonds are considered defeased and the liability of those bonds removed from the Balance Sheet.

The 2022A Bonds were sold at par and the District reduced its aggregate debt services payments by $18,109,320 and obtained a net present value savings of $14,522,761.

d) Effective November 17, 2020, the District issued $74,525,000 Series A, Sewer System Refunding Revenue Bonds dated November 17, 2020. The proceeds from the 2020 Series A Bonds were used to defease portions of the 2010A and 2010B revenue bonds and pay for the cost of issuance. The 2020 A bonds are special obligations of the District, payable solely from the net revenues of the District and were issued on parity with the 2010, 2013, 2014, 2015, 2019 bonds secured equally and ratable under the Trust Agreement.

A portion of the proceeds was used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service to refund $101,000,000 of outstanding 2010A and 2010B Bonds. As a result, these bonds are considered defeased and the liability of those bonds removed from the balance sheet.

Although the refunding resulted in the recognition of an account premium of $18,870,385, the District has, in effect, reduced its aggregate debt service payments by $18,190,000, and obtained a present value of savings of $13,091,284.

Revenue Bond – Direct Placement

Effective November 26, 2019, the District issued $107,970,000 Series A, the Direct Placement Bond dated November 26, 2019. The proceeds from the 2019 Series A Bonds were used to defease the 2009B Revenue Bonds, in the amount of $130,300,000, and pay for cost of issuance. The 2019 Series A Bonds were issued at a premium of $23,045,166. The 2019A Bonds are special obligations of the District, payable solely from the new revenues of the District and were issued on parity with the 2009 and 2010, 2013, 2014, 2015 bonds, secured equally and ratably under the Trust Agreement.

The 2019 Direct Placement Bonds premium has a current net present value of $16,452,408.

Revenue Bonds (Refunded)

a) Effective March 3, 2015, the District issued $52,520,000 Series A, Sewer System Refunding Revenue Bonds dated March 3, 2015. The proceeds from the 2015 Series A Bonds were used to defease portions of the 2005A revenue bonds and pay for the cost of issuance. The 2015A bonds are special obligations of the District, payable solely from net revenues of the District and issued in parity with the 1997, 2000, 2001, 2003A, 2003B, 2004, 2005A, 2005B, 2006, 2007, 2009A, and 2009B bonds, secured equally and ratably under the Trust Agreement.

A portion of the proceeds was used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service to refund $60,360,000 of outstanding 2005A Bonds. As a result, these bonds were considered defeased and liability for those bonds removed from the balance sheet.

Although the refunding resulted in the recognition of an accounting loss of $1,464,000 in accordance with GASB 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the District has, in effect, reduced its aggregate debt service payments by $16,845,000, and obtained a present value of savings of $6,363,000.

Issue of the 2024 Series B Bonds refunded the 2015 Series A Bonds. See Revenue Bonds - b) above.

b) Effective November 19, 2014, the District issued $162,650,000 Series A, Sewer System Refunding Revenue Bonds dated November 19, 2014. The proceeds from the 2014 Series A Bonds were used to defease portions of the 2003, 2005, and 2006 revenue bonds and pay for the cost of issuance. The 2014A bonds are special obligations of the District, payable solely from the net revenues of the District and were issued on parity with the 1997, 2000, 2001, 2003A, 2003B, 2004, 2005A, 2005B, 2006, 2007, 2009A, and 2009B bonds, secured equally and ratably under the Trust Agreement.

A portion of the proceeds was used to purchase U.S. Government Securities which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service to refund $750,000 of outstanding 2003 Series A Bonds, $61,190,000, of outstanding 2005 Series B Bonds, $60,620,000 of outstanding 2006 Series A Bonds, $52,505,000 of outstanding 2007 Series A Bonds, and $6,790,000 of outstanding 2009 Series A Bonds. As a result, these bonds are considered defeased and the liability for those bonds removed from the balance sheet.

Although the refunding resulted in the recognition of an accounting loss of $14,949,000 in accordance with GASB 23, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the District has, in effect, reduced its aggregate debt service payments by $70,966,000, and obtained a present value of savings of $24,543,000.

Issue of the 2024 Series B Bonds refunded the 2014 Series A Bonds. See Revenue Bonds - b) above.

At December 31, 2024, the balance of defeased debt outstanding was $5,972,998 and $3,707,986 at December 31, 2023, respectively.

Bond maturities over the next five years and beyond are shown below:

(all amounts in thousands)

Year	2024 Series A	2024 Series B	2022 Bonds	2020 Bonds	2019 Bonds	Total
2025	1,605	9,120	10,940	7,000	6,760	$ 35,425
2026	1,685	8,150	13,985	7,335	7,090	$ 38,245
2027	1,770	8,540	14,985	3,400	7,380	$ 36,075
2028	1,860	8,960	15,410	3,560	7,695	$ 37,485
2029	1,950	9,220	5,750	3,730	8,075	$ 28,725
2030-2034	11,320	17,093	31,190	21,435	47,045	$ 128,083
2035-2039	14,440		28,471	5,114		$ 48,025
2040-2044	18,425					$ 18,425
2045-2049	23,525					$ 23,525
2050-2053	23,286					$ 23,286
	$ 99,866	$ 61,083	$120,731	$ 51,574	$ 84,045	$ 417,299

Under the terms of the amended revenue bond trust indenture, the District has agreed to certain covenants, among other things, to restrict additional borrowing, maintain rates sufficient to meet debt service requirements and maintain specified fund balances under trust agreements.

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The Revenue bond issues discussed above contain covenants which require the District to maintain a sufficient level of debt service coverage. The following calculations reflect the District's debt service coverage.

(all amounts in thousands)

	2024	2023
Revenues:		
Total operating revenues	$ 293,726	$ 284,462
Interest income	13,932	8,776
Tap-in/connection fees	4,802	4,833
Total pledged revenue	312,460	298,071
Total operating and maintenance expenses less depreciation and pension expense	143,426	133,299
Net income available for debt service (a)	$ 169,034	$ 164,772
Income coverage on revenue bonds (b)	$ 53,547	$ 52,068
Income coverage on all obligations (c)	$ 84,644	$ 82,770
Debt service coverage - actual		
Revenue bonds - (a) divided by (b)	316%	316%
All obligations - (a) divided by (c)	200%	199%
Debt service coverage - requirement	125%	125%

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Ohio Water Development Authority Contracts

All contracts between the Ohio Water Development Authority (OWDA) and the Metropolitan Sewer District require the District to prescribe and charge such rates for sewer usage which are sufficient (after expenses of operation and maintenance) to pay principal and interest on OWDA contracts. The principal is repayable in equal semi-annual installments to maturity.

Water Pollution Control Loan Fund

The District has received low interest loan commitments from the Ohio Water Pollution Control Loan fund for certain qualified projects. As the projects progress the commitments are drawn down. The principal is repayable in semi-annual installments to the date of maturity for each project.

Ohio Water and Sewer Rotary Commission

Advances from Ohio Water and Sewer Rotary Commission represent tap-in fees and acreage assessments to be forwarded to the Commission upon collection from customers. Such advances do not bear interest unless they are determined to be in default.

Ohio Public Works Commission

The District has entered into agreements with the Ohio Public Works Commission (OPWC) for financing of certain qualified capital projects. As the projects progress the commitments are drawn down as funds are paid by OPWC directly to the contractors. The principal is repayable in semi-annual installments to the date of maturity for each project.

Interest on Long-Term Obligations

The following interest costs were incurred and expensed or capitalized as part of the cost of the District's additions to capital assets.

(all amounts in thousands)

	2024	2023
Interest incurred	$ 29,093	$ 21,106
Less interest capitalization	-	-
Interest expense	$ 29,093	$ 21,106

The District implemented the GASB 89 Accounting for Interest Cost Incurred before the End of a Construction Period in 2018.

NOTE 7 – LEASE LIABILITY

The District entered into a capital lease liability for a new engineering building in 2010. The leased asset was capitalized at the amount of the present value of the minimum lease payments at inception of the lease. Capital assets acquired under the capital lease are as follows:

Engineering Building	$15,000,000

The following is a schedule of the future minimum lease liability payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

(all amounts in thousands)

Fiscal Year Ending December 31,	Long-Term Debt
2025	1,068
2026	1,067
2027	1,064
2028	1,061
2029 (paid in full)	1,066
Total Minimum Lease Liability Payments	5,326
Less: Amount Representing Interest	(386)
Present value of Minimum Lease Liability Payments	$ 4,940

NOTE 8 – COMPENSATED ABSENCES

Compensated absences consist of vacation time, sick pay, and compensatory time. The following is a summary of activity for 2024 and 2023. $6,312 is considered due within one year with $4,163 accrued long term for compensated absences at December 31, 2024.

(all amounts in thousands)

	Beginning Balance	**Increase**	**Decrease**	**Ending Balance**
2024	$ 9,935	6,835	6,295	$ 10,475
2023	$ 10,046	5,721	5,832	$ 9,935

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NOTE 9 – DEFINED BENEFIT PENSION PLANS

The District employees are covered by one of two pension systems: the Ohio Public Employees Retirement System (OPERS) and the City of Cincinnati Retirement System (CRS). OPERS is a cost-sharing multi-employer defined benefit pension plan. CRS is accounted for as a single-employer defined benefit plan.

Net Pension Liability

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

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

The net pension liability represents the District's actuarial present value (or with the OPERS cost-sharing, multiple-employer plan, the District's proportionate share of the pension plan's collective actuarial present value) of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and other variables. While these estimates use the best information available, unknowable future events require adjusting this estimate annually. The District's share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting.

A. Ohio Public Employees Retirement System (OPERS)

Ohio Revised Code limits the District's obligation for liabilities to OPERS to annually required payments. The District cannot control benefit terms or the manner in which pensions from the cost-sharing, multiple-employer plan is financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plan to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, the pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to net pension liability would be effective when the changes are legally enforceable.

Plan Description – OPERS

A limited number of the District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan, and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. In October 2023, the legislature approved House Bill 33, which allows for the consolidation at the discretion of the OPERS Board. While members (e.g., District employees) may have elected the Member-Directed Plan or the Combined Plan, most employee members are in OPERS' Traditional Pension Plan; therefore, the following disclosures focus on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code (ORC). 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 Ohio Public Employees Retirement System, 277 East Town Street, Columbus, OH 43215-4642, or by calling 800-222-7377.

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3% simple annual COLA. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Funding Policy—The ORC provides statutory authority for member and employer contributions. For fiscal year 2024, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was $209,000 for 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related – OPERS

The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. The District's proportion, change in proportion and proportionate share of the net pension liability was 0.00935065%, a decrease of 0.00250446%, and $2,448,000, respectively. Pension expense for the District was negative $601,000.

At December 31, 2024, the District reported deferred outflows of resources related to pension from the following sources (amounts in thousands):

	Deferred Outflows of Resources
MSD contributions subsequent to the measurement date	$ 209
Net difference between projected and actual investment earnings	494
Difference between expected and actual experience	40
Change in MSD's proportionate share	21
	$ 764

$209,000 reported as deferred outflows of resources related to pension resulting from District 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 related to pension will be recognized in pension expense as follows (amounts in thousands):

	Deferred Outflows of Resources
Year Ended December 31:	
2025	$ 138
2026	172
2027	315
2028	(70)
	$ 555

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions:

Wage inflation	2.75%
Future salary increases (including inflation)	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple; Post 1/7/2013 retirees: 3% simple through 2024, then 2.05% simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee

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

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

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table represents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9%, as well as what the District'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%) and one-percentage point higher (7.9%) than the current rate (amounts in thousands):

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
MSD's proportionate share of the net pension liability	$ 3,854	$ 2,448	$ 1,279

B. City of Cincinnati Retirement System (CRS)

Plan Description – CRS

Employees who do not participate in OPERS participate in CRS. CRS is accounted for as a single employer defined benefit pension plan. CRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. CRS is considered part of the City of Cincinnati's financial reporting entity and is included in the City's financial report as a pension trust fund. The financial report that includes financial statements, required supplementary information and detailed information about CRS' fiduciary net position may be obtained by visiting http://cincinnati-oh.gov/finance/financial-reports/. Article XV of the Administrative Code of the City of Cincinnati provides the statutory authority vesting the general administration and responsibility for the proper operation of the System in the Board of Trustees of the City of Cincinnati Retirement System.

Information in the remainder of this footnote is provided for the District's portion, being reported as a fiduciary fund of the City, which also participates in and contributes to CRS, with a measurement date of June 30, 2024.

CRS provides retirement and disability benefits, death benefits, and retiree health care benefits to plan members and beneficiaries.

A Collaborative Settlement Agreement (CSA) was executed on May 7, 2015 and approved by the United States District Court on October 5, 2015. The CSA impacts employees who were retired on or before July 1, 2011 and employees who were in service on July 1, 2011 and who were vested (had 5 years' service credit) on that date. Employees who are members of the CRS who did not meet those criteria remained subject to the plan provisions adopted in Ordinances No 84-2011 and 85-2011.

The CSA implemented a number of changes to the CRS, including, but not limited to:

- Normal retirement eligibility;
- Early retirement eligibility;
- Retiree healthcare eligibility;
- Cost of living adjustments payable to retirees;
- Establishment of a Deferred Retirement Option Program (DROP);
- Creation of a 115 Trust for retiree healthcare benefits;
- Changes to the composition of the Board of Trustees; and
- Payoff of the 2007 Early Retirement Incentive Program (ERIP) liability.

Groups C & D Eligible to retire on or before July 1, 2011; or December 31, 2013	**Group E** Eligible to retire on or before December 31, 2013	**Group F** Hired before January 1, 2010 and not eligible for other groups	**Group G** Hired on or after January 1, 2010
Normal Retirement: Age 60 with 5 years of service, or any age with 30 years of service	**Normal Retirement:** Age 60 with 5 years of service, or any age with 30 years of service	**Normal Retirement:** Age 60 with 5 years of service, or any age with 30 years of service	**Normal Retirement:** Age 67 with 5 years of service, or age 62 with 30 years of service
Early Retirement: Age 55 with 25 years of service	**Early Retirement:** Age 55 with 25 years of service	**Early Retirement:** Age 55 with 25 years of service	**Early Retirement:** Age 57 with 15 years of service
Benefit Formula: 2.5% of AHC times years of service	**Benefit Formula:** 2.5% of AHC times years of service up to greater of 20 years or years of service as of July 1, 2011, and 2.2% thereafter	**Benefit Formula:** 2.5% of AHC times years of service up to greater of 20 years or years of service as of July 1, 2011, and 2.2% thereafter	**Benefit Formula:** 2.2% of AHC times years of service up to 30 years; 2.0% over 30 years

Average Highest Compensation (AHC) represents the average of the highest three consecutive years of earnings for Groups C and D. Group E will have a benefit with up to a three-step formula. The first step is the AHC based upon three consecutive years of earnings for service through December 31, 2013. The second step is the AHC based upon five consecutive years of earnings for service on and after January 1, 2014. The third step is for service in excess of 20 years and is based on the AHC for three consecutive years of earnings. Similarly, Group F will have a benefit with up to a three-step formula. The first step is the AHC based upon three consecutive years of earnings for service through June 30, 2011. The second step is the AHC based upon five consecutive years of earnings for service on and after July 1, 2011. The third step is for service in excess of 20 years and is based on the AHC for three consecutive years of earnings. The AHC for Group G is based on the average of the highest five consecutive years of earnings. Upon retirement, members will not receive a cost-of-living adjustment (COLA) for the first three retirement anniversary dates. Thereafter, a 3% simple COLA benefit will be provided. A COLA poverty exception is available for members who meet certain financial requirements.

In fiscal year 2021, an ERIP was offered to employees who met certain eligibility requirements. The ERIP provided two additional years of membership service credit to full-time employees who had 28 years or more of service credit (and were at least age 62 for Group G) or who had at least five years of service credit and were at least age 60 (or at least age 67 for Group G) by December 31, 2020. Only employees in CRS were eligible. The additional actuarial accrued liability associated with the fiscal year 2021 ERIP was approximately $24,671,000 and is to be funded by separate contributions made by the Plan over a 15-year period. The annual payments are received by July 30 each fiscal year.

Members of the Active Employee Class, under the Collaborative Settlement Agreement, who have a minimum of 30 years' service credit are eligible to participate in the deferred retirement option plan (DROP). Upon entry into DROP, the member's monthly pension benefit is calculated as if they retired on that date. DROP participants continue to work as a District employee and if eligible, may continue to be enrolled in a District sponsored employee healthcare plan. Maximum participation in the DROP is five years. Members who participate in DROP continue to contribute 9% of their pensionable earnings to CRS.

The participant's monthly pension benefit amount (calculated as described above), as well as 75% of the participant's required CRS employee contributions, and interest earnings on their DROP account balance, accumulate tax-deferred in an account held in trust by the CRS. Participants do not have access to the funds in their DROP account while employed and participating in the DROP.

Interest is paid on DROP account balances quarterly at the rate equal to the 10-year U.S. Treasury Note Business Day Series, as published by the United States Federal Reserve, with a cap of 5%. The variable interest rate is determined quarterly. The rate for the last business day of each calendar quarter is applied to the following quarter.

The balance of the participant's DROP account is paid out in a lump sum or to another tax-qualified account (such as an IRA or 457 Deferred Compensation Plan) selected by the participant within 120 days of their retirement effective date.

Membership in the CRS pension as of the June 30, 2024, measurement date was as follows:

Retirees and beneficiaries (optionees) receiving benefits	4,120
Terminated plan members and beneficiaries (optionees) entitled to future benefits	282
Deferred retirement option plan (DROP) participants	143
Active plan members:	
Full-time	2,823
Part-time	1,270
Total	8,638
Inactive participants**	10,685

** Participants who are former employees who have an employee account balance in the plan but are not otherwise vested in an employee provided benefit.

Funding Policy—Each member contributes at a rate of 9.0% of their pensionable wages for 2024. The percent contributed by employees is provided by Chapter 203 Section 73 of the Cincinnati Municipal Code. The District makes employer contributions based on a percentage of the covered payroll of all CRS members. For 2024, the contribution rate was 17.75%. The District's contributions to the City of Cincinnati Retirement System's Pension Fund for the year ending December 31, 2024, were $8,311,000.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The District reported a net pension liability of $160,297,000 and a negative pension expense of $71,578,000.
At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
MSD contributions subsequent to the measurement date	$ 5,043	$ -	$ 5,043
Differences between expected and actual experience	1,344	-	1,344
Net difference between projected and actual investment earnings	-	(4,087)	(4,087)
Change in proportion	-	(2,723)	(2,723)
Change in assumptions	-	(49,432)	(49,432)
	$ 6,387	$ (56,242)	$ (49,855)

$5,043,000 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended 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 (amounts in thousands):

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		Net Deferred Outflows/ (Inflows) of Resources
Year Ended December 31:		
2025	$	(57,589)
2026		6,046
2027		(1,706)
2028		(1,649)
	$	(54,898)

Actuarial Assumptions: Total pension liability was determined by the following actuarial valuations, using the following actuarial assumptions, applied to applicable periods included in the measurement:

Inflation	2.75%
Salary increases, including inflation	3.75% to 8.75%
Long-term investment rate of return, net of pension plan investment expense, including inflation	7.50%
Single equivalent interest rate, net of pension plan investment expense, including inflation	
Measurement date	7.50%
Prior measurement date	5.23%

Active member mortality rates were based on the Pub-2010 General Employees Amount-Weighted Mortality Table, with generational mortality improvement projections from the base year of 2010 using scale MP-2021. Healthy inactive member mortality rates were based on the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table, with a 110% adjustment for males and 115% for females, and with generational mortality improvement projections from the base year of 2010 using scale MP-2021.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the last actuarial experience study adopted by the CRS Board on March 23, 2023.

Long Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using expected return and volatility figures which were developed by Marquette Associates using their asset allocation software. The program simulates a variety of economic environments based on macroeconomic variables, and this simulation allows us to model the underlying probabilities of capital market returns. By running the monthly simulations over a 10-year basis and performing 1,000 trials, they develop results for expectations of capital market performance. Expected risk and return values for all asset classes are updated every six months, as the underlying data and assumptions reflect current market values and trends.

The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table (* geometric mean):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Core Bonds	9.0 %	4.8 %
Core Plus Bonds	11.5 %	5.5 %
High Yield	2.0 %	7.7 %
Private Debt	6.5 %	9.4 %
All Cap U.S. Equity	24.0 %	7.5 %
Large-Cap Value Equity	2.5 %	7.3 %
Small-Cap Value Equity	2.0 %	8.2 %
Non-U.S. All Cap	16.0 %	7.7 %
Real Estate Core Equity	6.0 %	6.0 %
Infrastructure	10.0 %	6.7 %
Volatility Risk Premium	2.5 %	6.6 %
Private Equity	8.0 %	10.2 %
Total	100.0 %	

Discount Rate. The discount rate used to measure the total pension liability was 7.50% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made as set out in the CSA. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments for current members. Projected benefit payments are discounted at the long-term expected return on assets of 7.50% to the extent the fiduciary net position is available to make the payments. Consequently, the single equivalent rate used to determine the total pension liability as of June 30, 2024, is 7.50%. By comparison, the single equivalent rate used to determine the total pension liability as of June 30, 2023, was 5.23%.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following chart represents the District financial reporting entity's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate (amounts in thousands):

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
MSD's Net Pension Liability	$ 207,465	$ 160,297	$ 120,240

Change in the Net Pension Liability: Changes in the District financial reporting entity's net pension liability for the measurement year ended June 30, 2024, were as follows (amounts in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2023	$ 601,777	$ 313,483	$ 288,294
Changes for the year:			
Service cost	7,602	-	7,602
Interest	29,823	-	29,823
Difference between expected and actual experience	3,264	-	3,264
Change in assumptions	(120,049)	-	(120,049)
Contributions - employer	-	8,311	(8,311)
Contributions - employee	-	4,132	(4,132)
Net investment income (loss)	-	29,779	(29,779)
Benefit payments, including refunds of employee contributions	(34,462)	(34,462)	-
Administrative expense	-	(360)	360
Other changes	-	6,775	(6,775)
Net changes	(113,822)	14,175	(127,997)
Balances at June 30, 2024	$ 487,955	$ 327,658	$ 160,297

The total pension liability (TPL) at the end of the measurement year, June 30, 2024, is measured as of the valuation date of December 31, 2023, and projected to June 30, 2024. Valuations will be completed every year. Each valuation will be rolled forward six months to provide the GAAP basis liability. There were assumption changes during the period, which are reflected in the amounts. The TPL and service cost have been determined using the entry age actuarial cost method as required by GASB Statement No. 67.

NOTE 10 – DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

The two retirement systems District employees participate in provide defined benefit postemployment benefits other than pension. The Ohio Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit OPEB plans. The City of Cincinnati Retirement System (CRS) is accounted for as a single-employer defined benefit OPEB plan.

Net OPEB Liability / (Asset)

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

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

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

The District's share of each fully-funded benefits are presented as either a long-term *net OPEB asset* or *net OPEB liability* on the accrual basis of accounting.

A. Ohio Public Employees Retirement System (OPERS)

Ohio Revised Code limits the District's obligation for liabilities to OPERS to annual required payments. The District cannot control benefit terms or the manner in which OPEB from the cost-sharing, multiple-employer plan is financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits but does not require the cost-sharing, multiple-employer retirement system to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability / (asset). Resulting adjustments to the net OPEB liability / (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description— OPERS

The District contributes to the health care plans administered by OPERS. OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans; the Traditional Pension Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/defined contribution plan; and the Member-Directed Plan, a defined contribution plan.

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

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

In order to quality for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of another post-employment benefit (OPEB) as described in GASB Statement No. 75. See OPERS' ACFR referenced below for additional information.

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.shtm, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy—The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

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% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0% for the traditional pension plan and 2% for the combined plan. The employer contribution as a percentage of covered payroll deposited for member-directed plan participants was 4%.

OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Inflows of Resources Related to OPEB—OPERS

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. The District's proportion of the net OPEB asset was based on the District's share of contributions to the respective retirement system relative to the contributions of all participating entities. The District's proportion, change in proportion and proportionate share of the net OPEB asset was 0.00897010%, a decrease of 0.00259884%, and $81,000, respectively. OPEB expense for the District was $10,000.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
MSD contributions subsequent to the measurement date	$ 2	$ -	$ 2
Net difference between projected and actual investment earnings	49	-	49
Difference between expected and actual experience	-	(11)	(11)
Change in assumptions	21	(35)	(14)
Change in MSD's proportionate share	1	-	1
	$ 73	$ (46)	$ 27

$2,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset in the year ended December 31, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

	Net Deferred Outflows/ (Inflows) of Resources
Year Ended December 31:	
2025	$ (1)
2026	5
2027	38
2024	(17)
	$ 25

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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB asset was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
Singe discount rate:	
Current measurement period	5.70%
Prior measurement period	5.22%
Investment rate of return	6.00%
Municipal bond rate:	
Current measurement period	3.77%
Prior measurement period	4.05%
Health care cost trend rate:	
Current measurement period	5.5% initial, 3.50% ultimate in 2038
Prior measurement period	5.5% initial, 3.50% ultimate in 2036
Actuarial cost method	Individual entry age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0% for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 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%
REITs	5.00%	4.68%
International Equities	25.00%	5.16%
Risk Parity	3.00%	4.38%
Other Investments	5.00%	2.43%
Total	100.00%	

Discount Rate. A single discount rate of 5.70% was used to measure the OPEB liability on the measurement date of December 31, 2023. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 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 District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates. The following table present the net OPEB (asset) calculated using the single discount rate of 5.70% and the expected net OPEB liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate (amounts in thousands):

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
MSD' proportionate share of the net OPEB liability / (asset)	$ 44	$ (81)	$ (185)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
MSD' proportionate share of the net OPEB (asset)	$ (84)	$ (81)	$ (77)

B. City of Cincinnati Retirement System (CRS)

Plan Description – CRS

CRS provides health care coverage to eligible retirees, their spouse and dependent children and is accounted for as a single employer defined benefit OPEB plan. Active members in Group C who have earned fifteen years of membership service at the time of termination are eligible upon retirement. Other active members are eligible for retiree health care upon their retirement after reaching age 60 with 20 years of membership service, or any age with 30 years of service of which 20 years must be earned with CRS. Active members whose most recent membership enrollment date is on or after January 1, 2016 are not eligible for retiree health care benefits upon retirement.

CRS offers medical and prescription benefits to retirees before and during Medicare eligibility. Prescription benefits for Medicare eligible participants are provided through a Medicare Part D Employer Group Waiver Plan. CRS administers three health care plans that differ by deductibles, co-pays and out-of-pocket maximums. Two plans are closed groups. The third plan for eligible members who retire on or after January 1, 2016, follows the most advantageous plan offered to active District employees.

Membership in CRS OPEB as of the June 30, 2024, measurement date was as follows:

Retirees and beneficiaries (optionees) receiving benefits*	4,628
Terminated plan members and beneficiaries (optionees)	
Entitled to future benefits	347
Deferred retirement option plan (DROP) participants	141
Active plan members:	
Full-time	1,514
Part-time	135
Total	6,765

* OPEB members include 1,298 spouses currently receiving retiree health benefits.

CRS is considered part of the City of Cincinnati's financial reporting entity and is included in the City's financial report as part of the pension trust fund. The financial report that includes the financial statements, required supplementary information and detailed information about CRS' fiduciary net position may be obtained by visiting http://cincinnati-oh.gov/finance/financial-reports/. Information in the remainder of this footnote is provided for the District's portion, being reported as an fiduciary fund of the City, which also participates in and contributes to the CRS, with a measurement date of June 30, 2024.

Funding Policy — Most retirees are subject to premiums that range from 0% to 10%. Other retiree premiums range from 5% to 75% depending on their date of hire, years of service and age at retirement. All members electing to participant in the dental and/or vision plan are required to pay the full cost of coverage. As such, it was assumed that CRS has no liability under GASB Statement No. 74 for these benefits.

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

The District's net OPEB (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2023. The District reported a net OPEB asset of $29,308,000 and negative OPEB expense of $2,158,000.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	$ 94	$ (1,339)	$ (1,245)
Net difference between projected and actual investment earnings	-	(1,280)	(1,280)
Change in proportion	757	(53)	704
Change in assumptions	4,088	(1,995)	2,093
	$ 4,939	$ (4,667)	$ 272

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows (amounts in thousands):

Year Ended December 31:	Net Deferred Outflows/ (Inflows) of Resources
2025	$ (2,137)
2026	3,488
2027	(548)
2028	(531)
	$ 272

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Actuarial Assumptions. The total OPEB liability in the following actuarial valuations were determined using the following actuarial assumptions, applied to the applicable periods included in the measurement:

Inflation:	
CPI	2.75%
Medical CPI	3.25%
Salary increases, including wage inflation	3.75% - 8.75%, decreasing as years of service increase
Long-term investment rate of return	7.50%
Municipal bond index rate:	
Measurement date	3.93%
Prior measurement date	3.65%
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Measurement date	7.50%
Prior measurement date	7.50%
Health care cost trends:	
Medicare supplement claims	
Pre-Medicare	8.40% for 2023, decreasing to an ultimate rate of 4.04% by 2043.
Post-Medicare	4.12% / 4.13% for Non-Model and Model Plans, respectively, for 2023, decreasing to an ultimate rate of 4.04% by 2043.

The demographic actuarial assumptions used in the December 31, 2023 valuation were based on the results of the most recent actuarial experience study, adopted by the Board on March 23, 2023.

Pre-retirement mortality rates were based on the PUB-2010 General Employees Amount-weighted Mortality tale with fully generational projected mortality improvements using MP-2021. Post-retirement mortality rates were based on the PUB-2010 General Retirees Amount-weighted Mortality table with fully generational projected morality improvements using MP-2021. For disabled lives, mortality rates were based on the PUB-2010 General Disabled Retirees Amount-weighted Mortality table with fully generational projected mortality improvements using MP-2021.

Of the CSA employee members eligible for DROP benefits, 30% are assumed to decline participation and 70% are assumed to be elect participation. Those electing to participate are assumed to remain in DROP for 3 years.

Of the vested members who terminate, it is assumed that 60% will leave their contributions in the plan to be eligible for a benefit at their normal retirement date while remaining 40% elect to withdraw their contributions.

Long Term Expected Rate of Return. The long-term expected rate of return on pension plan investments was determined using expected return and volatility figures which were developed by Marquette Associates using their asset allocation software. The program simulates a variety of economic environments based on macroeconomic variables, and this simulation allows us to model the underlying probabilities of capital market returns. By running the monthly simulations over a 10-year basis and performing 1,000 trials, they develop results for expectations of capital market performance. Expected risk and return values for all asset classes are updated every six months, as the underlying data and assumptions reflect current market values and trends.

The target asset allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table (* geometric mean):

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Core Bonds	9.0 %	4.8 %
Core Plus Bonds	11.5 %	5.5 %
High Yield	2.0 %	7.7 %
Private Debt	6.5 %	9.4 %
All Cap U.S. Equity	24.0 %	7.5 %
Large-Cap Value Equity	2.5 %	7.3 %
Small-Cap Value Equity	2.0 %	8.2 %
Non-U.S. All Cap	16.0 %	7.7 %
Real Estate Core Equity	6.0 %	6.0 %
Infrastructure	10.0 %	6.7 %
Volatility Risk Premium	2.5 %	6.6 %
Private Equity	8.0 %	10.2 %
Total	100.0 %	

Determination of Discount Rate (SEIR). The plan uses the Bond Buyer G.O. 20 Year Bond Municipal Bond Index to satisfy the requirements under paragraph 48 of GASB Statement No. 74. As this Index is issued weekly, the value closest to, but after the reporting date is used in determining the appropriate rate. Based on this practice, the municipal bond index rate at June 27, 2024, was 3.93% and 3.65% at June 29, 2023.

The discount rate used to measure the total OPEB liability as of June 30, 2024, was 7.50%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB Statement No. 74. The projection's basis was an actuarial valuation performed as of December 31, 2023. In addition to the actuarial methods and assumptions of the December 31, 2023, actuarial valuation, the following actuarial methods, and assumptions were used in the projection of cash flows:

- No future employee contributions were assumed to be made.
- No future employer contributions were assumed to be made.

Based on these assumptions, CRS' fiduciary net position was projected to never be depleted, as a result, the long-term expected rate of return was used in the determination of the single equivalent interest rate (SEIR). Here, the long-term expected rate of return of 7.50% on plan investments was applied to all periods, resulting in a SEIR at the measurement date of 7.50%

Sensitivity of the net OPEB (asset) to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB (asset) of the District, as well as what the District's net OPEB (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate. Similarly, the following also presents what the District's net OPEB (asset) would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate (amounts in thousands):

	Healthcare Cost Trend Rates		
MSD' Net OPEB (Asset)	1% Decrease	Current Rate	1% Increase
1% Increase (8.50%)		$ (35,783)	
Current Discount Rate (7.50%)	$ (36,506)	(29,308)	$ (20,779)
1% Decrease (6.50%)		$ (21,663)	

Change in Net OPEB Liability/(Asset). Changes in the District's financial reporting entity's net OPEB liability/(asset) for the measurement year ended June 30, 2024, were as follows (amounts in thousands):

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
Balances at June 30, 2023	$ 65,636	$ 95,886	$ (30,250)
Changes for the year:			
Service cost	479	-	479
Interest	4,658	-	4,658
Difference between expected and actual experience	(1,224)	-	(1,224)
Change in assumptions	5,726	-	5,726
Net investment income (loss)	-	9,522	(9,522)
Benefit payments, including refunds of employee contributions	(4,349)	(4,349)	-
Administrative expense	-	(115)	115
Other changes	-	(710)	710
Net changes	5,290	4,348	942
Balances at June 30, 2024	$ 70,926	$ 100,234	$ (29,308)

The total OPEB liability as of June 30, 2024, is based on the actuarial valuation results as of December 31, 2023. The total OPEB liability as of June 30, 2024, was determined using standard projection (roll forward) techniques. The roll forward calculation adds the normal cost (also called the service cost) for the projection period—for experience and assumption changes, the first half of 2024, subtracts the expected net benefit payments for the period, and then applies the SEIR used to measure the total OPEB liability as of the valuation date. The roll forward calculation for the expected change is determined using a similar procedure, except that the total OPEB liability and service cost are based on GASB Statement No. 75 results as of the prior measurement date, a one year projection period used, and actual net benefit payments are subtracted. The difference between this expected total OPEB liability and the projected total OPEB liability as of June 30, 2024, before reflecting any changes of assumptions or other inputs is the experience (gain) or loss for the period.

NOTE 11 - RELATED PARTY TRANSACTIONS

Cincinnati Water Works provides billing and collection services on customers' accounts for the District. Fees for these services for 2024 and 2023 were $7,300,500 and $6,780,707, respectively. Fees are also paid to other municipalities and villages within Hamilton County for collection of sewerage bills.

The City of Cincinnati provides "overhead" services to the District, such as check disbursement, investment and legal services, etc. The fees for these services for 2024 and 2023 were $3,208,280 and $3,371,700, respectively. In addition, the City's Municipal Garage provides gasoline and repairs vehicles for the District. Fees for these services were $1,673,896 and $1,664,670 for 2024 and 2023, respectively.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The City of Cincinnati and the Board of County Commissioners of Hamilton County, Ohio are parties to a Global Consent Decree, which was lodged in 2003 with the U.S. District Court for the Southern District of Ohio, Western Division. This decree focuses on combined sewer overflows, the implementation of the Sanitary Sewer Overflow Correction plan established in the Interim Partial Consent Decree, and other wet weather issues. The court approved the decrees on June 9, 2004. In August 2010, the District's Revised Wet Weather Improvement Plan was approved by the federal government. The commitment was for the District to complete a Phase 1 group of projects totaling $1.145 billion (in 2006 dollars). Work on Phase 1 is now complete and consent decree documents are posted on the District web site, msdgc.org, under consent decree.

As part of District's capital improvement program, the District has entered into a number of contracts for construction, design, and other services. Commitments under these contracts aggregate approximately $105.2 million as of December 31, 2024, and $144.8 million as of December 31, 2023.

NOTE 13 - RISK MANAGEMENT

The District is part of the City of Cincinnati Risk Management Program. The City purchases commercial insurance to cover losses due to theft of, damage to, or destruction of assets and purchases general liability insurance for specific operations and professional liability insurance for certain operations. All other risks of loss are self-insured. Separately, the District carries property insurance pursuant to an all-risk policy on the District's buildings and equipment per the revenue bond trust agreement. There has been no reduction in insurance coverage from coverage in 2004. Insurance settlements for claims resulting from risks covered by commercial insurance have not exceeded the insurance coverage in any of the past four years.

NOTE 14 – PREPAID EXPENSES AND OTHER

Prepaid Insurance was $282,270 and Accrued Interest Receivable was $315,000 at December 31, 2024, for a total Prepaid Expenses and Other of $597,270.

NOTE 15 - SUBSEQUENT EVENTS

There is a separate Consent Decree for the City Retirement System Plan court case, which may require additional employer share of pension contribution payments, however the exact dollar amount is unknown at this time.

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of the MSD's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Ten Years (1)
Table 1
(Amounts in thousands)

	MSD's Proportion of the Net Pension Liability	MSD's Proportionate Share of the Net Pension Liability	MSD's Covered Payroll	MSD's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.01517751%	$ 1,825	$ 2,479	73.62%	86.45%
2016	0.01475990%	2,541	2,336	108.78%	81.08%
2017	0.01727562%	3,923	2,200	178.32%	77.25%
2018	0.01708312%	2,680	2,377	112.75%	84.66%
2019	0.01599242%	4,380	2,257	194.06%	74.70%
2020	0.01564887%	3,093	2,136	144.80%	82.17%
2021	0.01439087%	2,131	2,136	99.77%	86.88%
2022	0.01349425%	1,174	1,950	60.21%	92.62%
2023	0.01185511%	3,502	1,829	191.47%	75.74%
2024	0.00935065%	2,448	1,521	160.95%	79.01%

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

Notes to Schedule:

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

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

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

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's Pension Contributions
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Ten Calendar Years
Table 2
(Amounts in thousands)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	MSD's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 280	$ (280)	$ -	$ 2,336	12.00%
2016	264	(264)	-	2,200	12.00%
2017	309	(309)	-	2,377	13.00%
2018	316	(316)	-	2,257	14.00%
2019	299	(299)	-	2,136	14.00%
2020	299	(299)	-	2,136	14.00%
2021	273	(273)	-	1,950	14.00%
2022	256	(256)	-	1,829	14.00%
2023	213	(213)	-	1,521	14.00%
2024	209	(209)	-	1,493	14.00%

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of the MSD's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Eight Years (1) (2)
Table 3
(Amounts in thousands)

	MSD's Proportion of the Net OPEB Liability/(Asset)	MSD's Proportionate Share of the Net OPEB Liability/(Asset)	MSD's Covered Payroll	MSD's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.01786139%	$ 1,804	$ 2,200	82.00%	54.05%
2018	0.01664978%	1,808	2,377	76.06%	54.14%
2019	0.01550127%	2,021	2,257	89.54%	46.33%
2020	0.01497864%	2,069	2,136	96.86%	47.80%
2021	0.01403706%	(250)	2,136	(11.70%)	115.57%
2022	0.01318646%	(413)	1,950	(21.18%)	128.23%
2023	0.01156894%	73	1,829	3.99%	94.79%
2024	0.00897010%	(81)	1,521	(5.33%)	107.76%

(1) Amounts presented for each year were determined as of MSD's measurement date, which is the prior year-end.
(2) Information prior to 2017 is not available.

Notes to Schedule:

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

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.50% initial to 10.00% initial.

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

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

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

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

In 2024, the single discount rate changed from 5.22% to 5.70% and the health care cost trend rate changed from 5.5% initial, 3.50% ultimate in 2036 to 5.5% initial, 3.50% ultimate in 2038.

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's OPEB Contributions
Ohio Public Employees Retirement System
Table 4
(Amounts in thousands)

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	MSD's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	$ 47	$ (47)	$ -	$ 2,336	2.00%
2016	44	(44)	-	2,200	2.00%
2017	24	(24)	-	2,377	1.00%
2018	3	(3)	-	2,257	0.13%
2019	2	(2)	-	2,136	0.09%
2020	2	(2)	-	2,136	0.09%
2021	3	(3)	-	1,950	0.15%
2022	5	(5)	-	1,829	0.27%
2023	3	(3)	-	1,521	0.20%
2024	2	(2)	-	1,493	0.13%

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's Changes in Net Pension Liability and Related Ratios
Cincinnati Retirement System
Last Ten Years (1)
Table 5
(Amounts in thousands)

	2024	2023	2022	2021	2020
Total pension liability					
Service cost	$ 7,602	$ 6,993	$ 4,055	$ 11,344	$ 7,108
Interest	29,823	29,950	34,899	24,870	30,825
Benefit changes	-	-	-	4,537	-
Difference between expected and actual experience	3,264	578	1,931	15,853	5,073
Changes of assumptions	(120,049)	10,320	125,010	(259,433)	151,500
Benefit payments and refunds	(34,462)	(35,045)	(36,245)	(34,438)	(33,311)
Other	-	-	-	-	-
Net change in total pension liability	(113,822)	12,796	129,650	(237,267)	161,195
Total pension liability - beginning	601,777	588,981	459,331	696,598	535,403
Total pension liability - ending (a)	487,955	601,777	588,981	459,331	696,598
Plan net position					
Contributions - employer	8,311	7,722	7,304	6,400	6,531
Contributions - member	4,132	3,947	3,864	3,723	3,775
Contributions - ERIP payoff	-	-	-	-	-
Net investment income (loss)	29,779	22,411	(15,379)	88,994	(3,973)
Benefit payments and refunds	(34,462)	(35,045)	(36,245)	(34,438)	(33,311)
Administrative expense	(360)	(333)	(333)	(334)	(355)
Other	6,775	13,187	(1,533)	8,730	(1,005)
Net change in plan net position	14,175	11,889	(42,322)	73,075	(28,338)
Plan net position - beginning	313,483	301,594	343,916	270,841	299,179
Plan net position - ending (b)	327,658	313,483	301,594	343,916	270,841
Net pension liability - ending (a) - (b)	$ 160,297	$ 288,294	$ 287,387	$ 115,415	$ 425,757
Ratio of plan net position to total pension liability	67.15%	52.09%	51.21%	74.87%	38.88%
Covered payroll	$ 46,838	$ 43,662	$ 42,611	$ 40,549	$ 41,462
Net pension liability as a percentage of covered payroll	342.24%	660.29%	674.44%	284.63%	1026.86%

(continued)

(1) The measurement year is from July 1 through June 30.

See Notes to the Required Supplementary Pension Information.

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's Changes in Net Pension Liability and Related Ratios
Cincinnati Retirement System
Last Ten Years (1)
Table 5 (continued)
(Amounts in thousands)

	2019	2018	2017	2016	2015
Total pension liability					
Service cost	$ 4,489	$ 4,260	$ 3,764	$ 5,639	$ 5,346
Interest	32,602	30,470	29,256	25,454	28,680
Benefit changes	-	-	5,344	(13,545)	-
Difference between expected and actual experience	8,698	5,577	649	734	(2,698)
Changes of assumptions	101,687	9,403	-	(111,431)	30,007
Benefit payments and refunds	(32,110)	(31,436)	(30,612)	(29,102)	(31,057)
Other	-	-	-	(35,654)	-
Net change in total pension liability	115,366	18,274	8,401	(157,905)	30,278
Total pension liability - beginning	420,037	401,763	393,362	551,267	520,989
Total pension liability - ending (a)	535,403	420,037	401,763	393,362	551,267
Plan net position					
Contributions - employer	6,381	6,080	5,647	4,639	5,596
Contributions - member	3,677	3,521	3,246	1,599	3,115
Contributions - ERIP payoff	-	-	-	8,723	-
Net investment income	14,394	26,180	38,292	(2,065)	9,455
Benefit payments and refunds	(32,110)	(31,436)	(30,612)	(29,102)	(31,057)
Administrative expense	(278)	(277)	(288)	(962)	(302)
Other	(1,439)	(1,893)	(3,065)	24,110	-
Net change in plan net position	(9,375)	2,175	13,220	6,942	(13,193)
Plan net position - beginning	308,554	306,379	293,159	286,217	299,410
Plan net position - ending (b)	299,179	308,554	306,379	293,159	286,217
Net pension liability - ending (a) - (b)	$ 236,224	$ 111,483	$ 95,384	$ 100,203	$ 265,050
Ratio of plan net position to total pension liability	55.88%	73.46%	76.26%	74.53%	51.92%
Covered payroll	$ 40,764	$ 37,809	$ 34,942	$ 31,809	$ 31,232
Net pension liability as a percentage of covered payroll	579.49%	294.86%	272.98%	315.01%	848.65%

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's Pension Contributions
Cincinnati Retirement System
Last Ten Calendar Years
Table 6
(Amounts in thousands)

	Actuarially Determined Employer Contributions	Actual Employer Contributions	Contribution Deficiency (Excess)	MSD's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	13,756	(4,328)	9,428	31,232	13.86%
2016	12,356	(5,169)	7,187	31,809	16.25%
2017	8,541	(5,941)	2,600	34,942	17.00%
2018	10,879	(6,226)	4,653	38,536	16.16%
2019	11,541	(6,455)	5,086	40,053	16.12%
2020	12,226	(6,521)	5,705	40,289	16.19%
2021	12,927	(6,498)	6,429	40,339	16.11%
2022	13,805	(6,940)	6,865	42,946	16.16%
2023	14,665	(7,386)	7,279	44,734	16.51%
2024	15,497	(8,389)	7,108	48,598	17.26%

See Notes to the Required Supplementary Pension Information.

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Notes to the Required Pension Information
Cincinnati Retirement System
Table 7

Actuarial Assumptions:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	Open 30 year period
Asset valuation method	Five-year smoothed market value
Inflation	2.75%
Salary increases, including wage inflation	3.75% to 8.75%
Investment rate of return	7.50%, net of pension plan investment expense, and including inflation
Single equivalent discount rate	7.50%

Changes of Benefit Terms:

In 2017, there were several changes in benefit provisions as a result of Ordinance 336-2016 adopted by the City Council on October 26, 2016. In addition to incorporating many of the changes mandated by the Collaborative Settlement Agreement (CSA), the Ordinance also:

- Established benefit and eligibility provisions for Group E and F members not covered under the CSA similar to employees who are covered under the CSA.
- Established a universal cost-of-living adjustment (COLA) suspension period for all members.
- Established a universal 3% simple COLA rate for all members

In 2016, there were several changes in benefit provisions as a result of the Collaborative Settlement Agreement (CSA) between the City and various plaintiff groups representing certain active and retired members of CRS as approved by the Court on October 5, 2015 and generally effective January 1, 2016.

Changes in Actuarial Assumptions and Methods:

In 2018, actuarial assumptions and methods were changed based on the results of the actuarial experience study dated February 28, 2018. These changes include reducing the price inflation assumption from 3.00% to 2.75%; updating the retirement, withdrawal and disability rates, updating the mortality rates for all members to a generational approach using the RP-2014 morality tables, updating the merit salary scale; increasing the assumed administrative expense as a percentage of payroll added to the normal cost from 0.75% to 0.80%; updating the assumed proportion of deferred vested members who elect to receive a deferred benefit and who will elect to withdraw their contributions; and updating the assumed percentage of members who are married for the purposes of valuing pre-retirement survivor benefits.

Metropolitan Sewer District (MSD),Hamilton County, Ohio
Required Supplementary Information
Notes to the Required Pension Information
Cincinnati Retirement System
Table 7 (continued)

Changes in Actuarial Assumptions and Methods (continued):

In 2019, the System's fiduciary net position was projected to be available to make projected future benefit payment for current members through 2046. Projected benefit payments beyond 2046 were discounted at the municipal bond rate of 3.50%, resulting in a single equivalent discount rate of 5.56%.

In 2020, the System's fiduciary net position was projected to be available to make projected future benefit payment for current members through 2041. Projected benefit payments beyond 2041 were discounted at the municipal bond rate of 2.21%, resulting in a single equivalent discount rate of 3.56%.

In 2021, the expected long-term rate of return of 7.50% was used for the discount rate with the projected future fiduciary net position not being depleted.

In 2022, the System's fiduciary net position was projected to be available to make projected future benefit payment for current members through 2047. Projected benefit payments beyond 2047 were discounted at the municipal bond rate of 3.54%, resulting in a single equivalent discount rate of 5.25%.

In 2023, the System's fiduciary net position was projected to be available to make projected future benefit payment for current members through 2047. Projected benefit payments beyond 2047 were discounted at the municipal bond rate of 3.65%, resulting in a single equivalent discount rate of 5.23%.

In 2024, the System's fiduciary net position was projected to be available to make projected future benefit payment for current members for all future periods. Consequently, the single equivalent rate used to determine the total pension liability as of December 31, 2024 is 7.50%.

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's Changes in Net OPEB Liability/(Asset) and Related Ratios
Cincinnati Retirement System
Last Seven Years (1) (2)
Table 8
(Amounts in thousands)

	2024	2023	2022	2021	2020
Total OPEB liability					
Service cost	$ 479	$ 502	$ 538	$ 584	$ 1,381
Interest	4,658	4,758	5,488	5,096	6,168
Benefit changes	-	-	-	3,035	(32,814)
Difference between expected and actual experience	(1,224)	(1,608)	401	255	(10,869)
Changes of assumptions	5,726	836	(8,566)	-	(11,168)
Benefit payments	(4,349)	(4,212)	(4,654)	(4,814)	(5,104)
Net change in total OPEB liability	5,290	276	(6,793)	4,156	(52,406)
Total OPEB liability - beginning	65,636	65,360	72,153	67,997	120,403
Total OPEB liability - ending (a)	70,926	65,636	65,360	72,153	67,997
Plan net position					
Net investment income (loss)	9,522	6,939	(4,618)	26,077	(1,139)
Benefit payments	(4,349)	(4,212)	(4,654)	(4,814)	(5,104)
Administrative expense	(115)	(103)	(100)	(98)	(102)
Other	(710)	(1,343)	417	(302)	(132)
Net change in plan net position	4,348	1,281	(8,955)	20,863	(6,477)
Plan net position - beginning	95,886	94,605	103,560	82,697	89,174
Plan net position - ending (b)	100,234	95,886	94,605	103,560	82,697
Net OPEB liability/(asset) - ending (a) - (b)	$ (29,308)	$ (30,250)	$ (29,245)	$ (31,407)	$ (14,700)
Ratio of plan net position to total OPEB liability/(asset)	141.32%	146.09%	144.74%	143.53%	121.62%
Covered employee payroll	$ 24,447	$ 26,278	$ 26,992	$ 28,755	$ 31,926
Net OPEB liability/(asset) as a percentage of covered employee payroll	(119.88%)	(115.12%)	(108.35%)	(109.22%)	(46.04%)

(1) Information prior to 2018 was not available. MSD will continue to present information for years available until a full ten-year trend is available.
(2) The measurement year is from July 1 through June 30.

See Notes to the Required Supplementary OPEB Information.

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's Changes in Net OPEB Liability/(Asset) and Related Ratios
Cincinnati Retirement System
Last Seven Years (1) (2)
Table 8 (continued)
(Amounts in thousands)

	2019	2018
Total OPEB liability		
Service cost	$ 1,155	$ 945
Interest	6,480	5,841
Benefit changes	-	-
Difference between expected and actual experience	475	3,030
Changes of assumptions	12,822	7,173
Benefit payments	(5,881)	(4,962)
Net change in total OPEB liability	15,051	12,027
Total OPEB liability - beginning	105,352	93,325
Total OPEB liability - ending (a)	120,403	105,352
Plan net position		
Net investment income (loss)	4,080	7,354
Benefit payments	(5,881)	(4,962)
Administrative expense	(79)	(78)
Other	(206)	(78)
Net change in plan net position	(2,086)	2,236
Plan net position - beginning	91,260	89,024
Plan net position - ending (b)	89,174	91,260
Net OPEB liability/(asset) - ending (a) - (b)	$ 31,229	$ 14,092
Ratio of plan net position to total OPEB liability/(asset)	74.06%	86.62%
Covered employee payroll	$ 33,066	$ 33,158
Net OPEB liability/(asset) as a percentage of covered employee payroll	94.44%	42.50%

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Schedule of MSD's OPEB Contributions
Cincinnati Retirement System
Last Nine Calendar Years (1)
Table 9
(Amounts in thousands)

	Actuarially Determined Employer Contributions	Actual Employer Contributions	Contribution Deficiency (Excess)	MSD's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2016	$ 248	$ -	$ 248	$ 31,384	0.00%
2017	714	-	714	32,369	0.00%
2018	534	-	534	32,440	0.00%
2019	974	-	974	32,794	0.00%
2020	537	-	537	31,951	0.00%
2021	-	-	-	29,652	0.00%
2022	-	-	-	29,962	0.00%
2023	-	-	-	29,942	0.00%
2024	-	-	-	30,556	0.00%

(1) Information prior to 2016 is not available.

See Notes to the Required Supplementary OPEB Information.

Metropolitan Sewer District (MSD) of Greater Cincinnati
Hamilton County
Required Supplementary Information
Notes to the Required OPEB Information
Cincinnati Retirement System
Table 10

Actuarial Assumptions:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Actuarial cost method	Entry age
Amortization method	Level dollar
Amortization period	Open 30 year period
Asset valuation method	Five-year smoothed market value
Inflation	CPI: 2.75%; Medical CPI: 2.60%
Salary increases, including wage inflation	3.75% to 8.75%
Investment rate of return	7.50%, net of pension plan investment expense, and including inflation
Initial health care cost trend rates	
Rx - Pre Medicare	10.00%
Medical	8.00%
Rx - Post Medicare	5.02%
Ultimate health care cost trend rates	
Rx - Pre and Post Medicare	4.04%
Medical	4.04%
Year ultimate health care cost trend rates reached	
Rx - Pre and Post Medicare	2043
Medical	2043

Change of Benefit Terms:

In 2021, the Plan offered an early retirement incentive program which provided two additional years of service that would count towards benefits and eligibility. Eligible members were those projected to be eligible for normal retirement as of July 1, 2020 or have earned at least 28 years of service as of July 1, 2020.

In 2020, the Plan moved all Medicare Part A and Part B eligible, and Medicare Part B only eligible Plan participants to the new fully insured Medicare Advantage plan offered by Anthem, effective January 1, 2020.

In 2017, the Plan changes included in Ordinance 336-2016 were adopted by the City Council on October 26, 2016. In addition to incorporating many of the changes mandated by the CSA, the Ordinance also:

- Excluded members hired after December 31, 2015 from eligibility to receive retiree health benefits;
- Established benefit and eligibility provisions for Group E and F members, not covered under the CSA, similar to employees who are covered under the CSA.
- Specified eligibility and postemployment contribution requirements for the retiree health benefits payable to members and beneficiaries entitled to deferred benefits.
- Modified eligibility and postemployment contribution requirements to retiree health benefits paid as the result of an in-service death.

In 2016, there were several changes in benefit provisions as a result of the Collaborative Settlement Agreement (CSA) between the City and various plaintiff groups representing certain active and retired members of CRS as approved by the Court on October 5, 2015 and generally effective January 1, 2016.

Metropolitan Sewer District (MSD), Hamilton County, Ohio
Required Supplementary Information
Notes to the Required OPEB Information
Cincinnati Retirement System
Table 10 (continued)

Changes in Actuarial Assumptions and Methods:

In 2023, healthcare costs and trends were updated to reflect the current marketplace.

In 2021, healthcare costs and trends were updated to reflect the current marketplace and participation assumptions were updated for future retirees to better reflect observed and expected experience.

In 2020, the expected long-term rate of return of 7.50% was used for the discount rate with the projected future net position not being depleted. The claims assumptions and retiree contributions were updated to reflect actual 2020 premiums.

The medical trend assumptions were updated to include several factors. First, the initial trends for the Medicare Advantage plans were set at 0% for medical and 7% for drug, while the trends for the contribution rates for the plans were set at a -5.7% to account for the health insurance tax reduction. The ultimate health care trend was set at 4%, with each trend period set at 15 years.

The claim cost curves were updated based on the experience of the retirees in the Secure, Select and Model plans. The data provided claim experience for all covered members (retirees, covered spouses, and covered children) by age. Additional information was provided for the new Medicare Advantage Plans, which were applied to the 2020 claim curves above.

The percentage of members to not qualify for premium-free Medicare Part A coverage was lowered from 15% to 10%.

In 2019, the December 31, 2018 valuation included a change in the Municipal Bond Index Rate from 3.89% to 3.50%; a decrease in the discount rate (SEIR) from 6.13% to 5.07%, part-time employees were included in the Plan's population, and the health care cost trend rates were updated to reflect the current market place.

In 2018, actuarial assumptions and methods were changed based on recent plan experience done concurrently with the December 31, 2017 valuation, including a change in the Municipal Bond Index Rate from 3.65% to 3.89%; a decrease in the discount rate (SEIR) from 6.31% to 6.13%, a decrease in the price inflation assumption from 3.00% to 2.75%, an update of the retirement, withdrawal, and disability rates; an update of the mortality rates for all members to a generational approach using the RP-2014 mortality tables; an update of the merit salary scales; and updates to the following to better reflect the anticipated experience of the plan: assumed rates of health care inflation, assumed rats of health benefit plan participation, contribution rates for the Select Plan and the Model Plan, and DROP participation rates.

In 2017, future contribution rates for retiree health benefit recipients are now based upon the projected retiree health care costs associated with each projection year's closed group of participants.

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

Metropolitan Sewer District of Greater Cincinnati
Hamilton County
1605 Gest Street
Cincinnati, Ohio 45204

To the Hamilton County Board of Commissioners:

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 business-type activities of the Metropolitan Sewer District of Greater Cincinnati, Hamilton County, Ohio (the District), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as Item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Finding

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State

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

August 25, 2025

METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI
HAMILTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2024

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

FINDING NUMBER 2024-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility included designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to error or fraud as discussed in AU-C Section 210 paragraphs .A14 and .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to deficiencies in the District's internal controls over financial reporting, the following conditions related to the District's 2024 financial statements and notes to the financial statements were identified.

Financial Statements

- On the Statement of Net Position, the "Total Net Position" was understated by $3,305,000. The understatement of $3,305,000 of "Total Net Position" on the Statement of Net Position was due to an understatement of "Current Assets – Cash and Cash Equivalents and Pooled Investments Held by the City of Cincinnati" in the amount of $30,000, an understatement of "Restricted Noncurrent Assets – Amount to be Transferred to the Surplus Account" in the amount of $1,275,000, and an overstatement of "Current Liabilities – Current Portion of Compensated Absences" in the amount of $2,000,000.

- On the Statement of Net Position, "Noncurrent Assets, Capital Assets – Construction in Progress" was overstated by $1,627,000 and "Current Liabilities – Construction Accounts Payable" was overstated by $1,627,000 due to a failure to post a reversing entry in the process of preparing the financial statements.

- On the Statement of Net Position, "Noncurrent Liabilities, Long-term Debt" was understated by $80,000. Also, on the Statement of Revenues, Expenses, and Changes in Fund Net Position, "Interest Expense" was understated by $80,000 due to a failure to properly record capitalized interest.

- On the Statement of Net Position, "Current Assets - Accounts Receivable" was understated by $1,849,000. Also, on the Statement of Revenues, Expenses and Changes in Fund Net Position, "Operating Revenues - Sewerage Service Charges" was understated by $1,716,000 and "Operating Revenues - Sewer Surcharges" was understated by $133,000 due to an error in the calculation of Accounts Receivable.

- On the Statement of Net Position, "Current Liabilities - Accounts Payable" was overstated by $1,474,000 and "Current Assets – Prepaid Expenses and Other" was overstated by $1,235,000. Also, on the Statement of Revenues, Expenses, and Changes in Fund Net Position, "Operating Expenses – Purchased Services" was overstated by $239,000 due to an error in the calculation of Accounts Payable.

- On the Statement of Net Position, "Noncurrent Liabilities – Long-term Debt" was overstated by $110,000 and "Current Liabilities – Current Portion of Long-Term Debt" was understated by $110,000 due to an error in the calculation of Ohio Water Development Authority Loans Payable.

FINDING NUMBER 2024-001
(Continued)

- On the Statement of Net Position, "Net Position – Net Investment in Capital Assets" was overstated by $40,429,000, and "Net Position – Unrestricted" was understated by $40,429,000 due to an error in the calculation of Net Investment in Capital Assets.

- On the Statement of Revenues, Expenses, and Changes in Fund Net Position, "Operating Revenues – All Other Revenues" was overstated by $18,568,000 and "Non-Operating Revenues – On Behalf Contractor and Reimbursement Drawdowns" was understated by $18,568,000 due to an error in properly posting revenues from reimbursements to the District from the Ohio Water Development Authority.

- On the Statement of Revenues, Expenses, and Changes in Fund Net Position, "Nonoperating Revenues – On Behalf Contractor and Reimbursement Drawdowns" was understated by $19,932,000 and "Nonoperating Expenses – On Behalf Contractor Project Expense" was understated by $19,932,000 due to a failure to record payments to contractors made by the Ohio Water Development Authority on behalf of the District.

- On the Statement of Cash Flows, in the Reconciliation of Operating Income to Net Cash Provided by Operating Activities, the "Income from Operations" was understated by $16,480,000.

- On the Statement of Cash Flows, "Cash Flows from Operating Activities – Cash Payments for Personnel Costs" was understated by $1,380,000.

- On the Statement of Cash Flows, "Cash Flows from Operating Activities – Other Operating Revenues" was understated by $265,000.

- On the Statement of Cash Flows, "Cash Flows from Capital and Related Financing Activities – Loan and Grant Reimbursements" was overstated by $5,500,000.

- On the Statement of Cash Flows, "Cash Flows from Capital and Related Financing Activities – Transfer into Construction Account from Trustee Investment Account" was understated by $25,000,000.

- On the Statement of cash Flows, "Cash Flows from Capital and Related Financing Activities – Payments to Escrow Agent" was understated by $32,337,000.

- On the Statement of Cash Flows, "Cash Flows from Capital and Related Financing Activities - Bond Premium" was understated by $15,861,000.

- On the Statement of Cash Flows, "Cash Flows from Capital and Related Financing Activities – Bond Refunding and New Issue Costs" was understated by $1,441,000.

- On the Statement of Cash Flows, in the Reconciliation of Operating Income to Net Cash Provided by Operating Activities, Adjustments to Reconcile Operating Income to net Cash Provided by Operating Activities, "Depreciation" was understated by $18,550,000.

Notes to the Financial Statements

- The Deposits and Investments Disclosure (Note 2), improperly reported the carrying value of the District's cash and cash equivalents as $103,096,000. The proper amount which should have been reported was $104,401,205.

FINDING NUMBER 2024-001
(Continued)

- The Deposits and Investments Disclosure (Note 2), Concentration of Credit Risk section, improperly reported the Fair Value of “Investments Held by the City of Cincinnati”, “U.S. Treasury Securities”, and “Money Market Fund” as $103,126,330, $293,048,260, and $13,453,939, respectively. The proper amounts which should have been reported were $104,401,206, $253,181,826, and $53,320,373, respectively.

- The Deposits and Investments Disclosure (Note 2), Fair Value Measurements section, improperly reported the Fair Value of “U.S. Treasury Securities” and “U.S. Agency Securities” as $203,110,000 and $87,247,000, respectively. The proper amounts which should been reported were $253,182,000 and $29,177,000, respectively.

- The Accounts Receivable Disclosure (Note 3) improperly reported Accounts Receivable from “Sewer Charges and Surcharges” as $22,195,000. The proper amount which should have been reported was $24,201,000.

- The Capital Assets Disclosure (Note 5) improperly reported “Increases in Construction in Progress” and “Decreases in Construction in Progress” as $43,151,000 and ($451,000), respectively. The proper amounts which should have been reported were $168,144,000 and ($107,139,000), respectively.

- Due to errors noted in the long-term debt amounts reported in the financial statements, the Long-term Debt Disclosure (Note 6), contained numerous errors in the reporting of long-term debt outstanding amounts and future amortization amounts.

  The financial statements and notes to the financial statements have been adjusted for the errors noted above.

The District did not have procedures in place to ensure effective monitoring of the District’s financial activity or the accuracy of accounting and financial reporting. It is important that the District’s management take an active role in monitoring the financial activity and financial reporting of the District. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner. In addition, due care should be exercised when posting entries to the financial records and in the process of preparing the financial statements. Control processes and procedures should be updated to ensure that errors can be detected and corrected in a timely manner.

Officials’ Response:

The District acknowledges the deficiencies identified in the 2024 financial statements. Contributing factors included turnover in the staff position responsible for preparing the financial statements and insufficient review procedures. To address these issues, the District will strengthen reconciliation and oversight processes, provide additional training to staff, and beginning with the 2025 financial statements, the District will contract with a certified public accounting firm to prepare the financial statements and note disclosures. These corrective actions will ensure greater accuracy, transparency, compliance with GASB standards, and improved accountability going forward. The District is committed to taking immediate action that will restore the high standards of financial reporting that were upheld prior to this reporting year.

OHIO AUDITOR OF STATE
KEITH FABER

METROPOLITAN SEWER DISTRICT OF GREATER CINCINNATI

HAMILTON 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 9/9/2025

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