

# **CITY OF ATHENS, OHIO**

ATHENS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024





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City Council  
City of Athens  
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Athens, OH 45701

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

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

KEITH FABER  
Ohio Auditor of State

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

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

December 09, 2025

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## **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Athens, Ohio:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Ohio ("the City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Street Fund, Appalachian Community Grant Fund, and Recreation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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



### **Required Supplementary Information**

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 27, 2025

**City of Athens, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2024  
Unaudited

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The discussion and analysis of the City of Athens's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The purpose of this discussion and analysis is to look at the City's financial performance and discuss pertinent points to better help the reader understand our performance.

**Financial Highlights**

1. The City's total net position increased \$8,411,840; net position of the governmental activities increased \$5,092,957; and net position of the business-type activities increased \$3,318,883.
2. The General Fund fund balance of \$6,778,435 increased \$32,123 or 0.48 percent from the previous year's balance of \$6,746,312.

**Overview of the Financial Statements**

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

**Government-Wide Financial Statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector businesses.

The *Statement of Net Position* presents information on all of the City of Athens's assets and deferred outflows/inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the recent fiscal year.

Both of the government-wide financial statements distinguish functions of the City of Athens that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, security of persons and property, transportation, community and economic development and leisure time activities. The business-type activities include water, sewer, garbage, and parking garage operations.

The government-wide financial statements can be found starting on page 14 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and by bond covenants. However, the Auditor establishes many other funds to help control and manage money for particular purposes or to show that the City is meeting legal responsibilities for using certain taxes, grants and other money. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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Management's Discussion and Analysis  
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**Governmental Funds** - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. The governmental fund statements use the modified accrual basis of accounting and provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information may be useful in evaluating a government's near term financing requirements. We describe the relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds in a reconciliation which follows the fund financial statements.

The City of Athens maintains 39 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances, for the General Fund, Street Fund, Recreation Fund, Safety Services Police & Fire Capital Fund and Appalachia Community Grant Fund which are considered to be major funds. Data from the other 34 governmental funds are combined into a single, aggregated presentation.

**Proprietary Funds** - The City uses proprietary funds to account for its water, sewer, garbage and parking garage operations and internal service operations. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities* using the full accrual basis of accounting. The enterprise funds are used to report the same activities presented as business-type activities in the government-wide financial statements.

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

**Notes to the Basic Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-Wide Financial Analysis**

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions.

The *Statement of Net Position* and the *Statement of Activities* include all assets, liabilities, deferred inflows and deferred outflows using the full accrual basis of accounting similar to the accounting used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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Table 1 provides a summary of the City's net position for 2024 compared to 2023:

Table 1  
**Net Position at Year End**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets</b>						
Current and Other Assets	\$36,257,352	\$42,637,165	\$16,934,602	\$15,279,150	\$53,191,954	\$57,916,315
Capital Assets, Net	138,691,765	129,039,454	52,143,920	50,042,232	190,835,685	179,081,686
<i>Total Assets</i>	<u>174,949,117</u>	<u>171,676,619</u>	<u>69,078,522</u>	<u>65,321,382</u>	<u>244,027,639</u>	<u>236,998,001</u>
<i>Total Deferred Outflows of Resources</i>	<u>7,924,568</u>	<u>10,842,336</u>	<u>6,247,685</u>	<u>7,100,328</u>	<u>14,172,253</u>	<u>17,942,664</u>
<b>Liabilities:</b>						
Current and Other Liabilities	6,352,090	8,047,612	485,607	541,940	6,837,697	8,589,552
<i>Long-Term Liabilities:</i>						
Due Within One Year	1,728,242	1,694,837	1,925,156	1,860,127	3,653,398	3,554,964
<i>Due in More than One Year:</i>						
Net Pension Liability	22,847,529	24,622,349	3,588,014	4,210,136	26,435,543	28,832,485
Net OPEB Liability	1,047,373	1,279,618	0	87,557	1,047,373	1,367,175
Other Amounts	23,511,518	23,400,533	29,787,244	29,204,746	53,298,762	52,605,279
<i>Total Liabilities</i>	<u>55,486,752</u>	<u>59,044,949</u>	<u>35,786,021</u>	<u>35,904,506</u>	<u>91,272,773</u>	<u>94,949,455</u>
<i>Total Deferred Inflows of Resources</i>	<u>4,058,751</u>	<u>4,219,765</u>	<u>133,013</u>	<u>83,828</u>	<u>4,191,764</u>	<u>4,303,593</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	115,874,879	113,603,179	28,796,499	26,915,403	144,671,378	140,518,582
Restricted	20,359,280	17,931,315	120,099	0	20,479,379	17,931,315
Unrestricted	(12,905,977)	(12,280,253)	10,490,575	9,517,973	(2,415,402)	(2,762,280)
<i>Total Net Position</i>	<u>\$123,328,182</u>	<u>\$119,254,241</u>	<u>\$39,407,173</u>	<u>\$36,433,376</u>	<u>\$162,735,355</u>	<u>\$155,687,617</u>

The net pension liability (NPL) is the largest single liabilities reported by the City at December 31, 2024 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension asset and deferred outflows related to pension and OPEB.

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

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Current assets decreased due to a decrease in the equity in pooled cash and cash equivalents, income taxes receivable, and prepaid items.

Capital assets increased due mostly to increases in the construction in progress and infrastructure.

Current liabilities decreased as a result of decreases in unearned revenue and contracts payable.

Long-term liabilities decreased as a result of a decrease in net pension liabilities and the scheduled payments of debt obligations.

As noted earlier, the City's net position, when reviewed over time, may serve as a useful indicator of the City's financial position. By far, the largest portion of the City's net position 88.97 percent reflects its investments in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position represents resources that are subject to restrictions on how they can be used. These resources accounted for 12.52 percent of total net position. The remaining deficit balance of \$2,415,402 is unrestricted net position. The City's total net position increased from \$154,323,515 in 2023 to \$162,735,355 in 2024, a change of \$8,411,840 or 5.45 percent.

In order to further understand what makes up the changes in net position for the current year, Table 2 gives readers further details regarding the results of activities for 2024 compared to 2023:

Table 2  
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b><u>Revenues:</u></b>						
<i>Program Revenues:</i>						
Charges for Services	\$4,871,778	\$4,216,960	\$14,668,222	\$14,495,161	\$19,540,000	\$18,712,121
Operating Grants and Contributions	1,350,617	1,512,783	54,319	0	1,404,936	1,512,783
Capital Grants and Contributions	5,678,831	50,000	1,428,079	0	7,106,910	50,000
<i>Total Program Revenues</i>	<u>11,901,226</u>	<u>5,779,743</u>	<u>16,150,620</u>	<u>14,495,161</u>	<u>28,051,846</u>	<u>20,274,904</u>
<b><u>General Revenues:</u></b>						
Property Taxes	1,120,121	1,055,273	0	0	1,120,121	1,055,273
Municipal Income Taxes	17,151,874	16,901,823	0	0	17,151,874	16,901,823
Lodging Taxes	542,516	526,913	0	0	542,516	526,913
Payment in Lieu of Taxes	600,293	320,215	0	0	600,293	320,215
Grants and Entitlements	8,681,573	1,434,046	0	0	8,681,573	1,434,046
Investment Earnings	1,677,046	810,002	116,118	281,554	1,793,164	1,091,556
Miscellaneous	682,075	833,942	68,932	174,178	751,007	1,008,120
<i>Total General Revenues</i>	<u>30,455,498</u>	<u>21,882,214</u>	<u>185,050</u>	<u>455,732</u>	<u>30,640,548</u>	<u>22,337,946</u>
<i>Total Revenue</i>	<u>42,356,724</u>	<u>27,661,957</u>	<u>16,335,670</u>	<u>14,950,893</u>	<u>58,692,394</u>	<u>42,612,850</u>

(Continued)

**City of Athens, Ohio**  
Management's Discussion and Analysis  
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Table 2  
**Changes in Net Position (continued)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b><u>Expenses:</u></b>						
General Government	17,080,391	8,619,469	0	0	17,080,391	8,619,469
<i>Security of Persons and Property</i>						
Police	5,614,530	4,390,727	0	0	5,614,530	4,390,727
Fire	4,472,604	5,139,878	0	0	4,472,604	5,139,878
Transportation	5,501,982	1,682,203	0	0	5,501,982	1,682,203
Community and Economic Development	843,651	838,949			843,651	838,949
Leisure Time Activities	3,322,896	2,300,005	0	0	3,322,896	2,300,005
Interest and Fiscal Charges	507,713	1,139,217	0	0	507,713	1,139,217
Issuance Costs	0	96,312	0	0	0	96,312
Garbage	0	0	2,282,275	2,225,587	2,282,275	2,225,587
Parking Garage	0	0	269,052	248,070	269,052	248,070
Water	0	0	5,111,574	2,595,689	5,111,574	2,595,689
Sewer	0	0	5,273,886	3,876,232	5,273,886	3,876,232
<b>Total Expenses</b>	<b>37,343,767</b>	<b>24,206,760</b>	<b>12,936,787</b>	<b>8,945,578</b>	<b>50,280,554</b>	<b>33,152,338</b>
<i>Change in Net Position Before Transfers</i>	<i>5,012,957</i>	<i>3,455,197</i>	<i>3,398,883</i>	<i>6,005,315</i>	<i>8,411,840</i>	<i>9,460,512</i>
Transfers	80,000	(245,000)	(80,000)	245,000	0	0
<b>Change in Net Position</b>	<b>5,092,957</b>	<b>3,210,197</b>	<b>3,318,883</b>	<b>6,250,315</b>	<b>8,411,840</b>	<b>9,460,512</b>
Balance as Previously Reported at December 31, 2023	119,254,241	116,044,044	36,433,376	30,183,061	155,687,617	146,227,105
Implementation of GASB 101	(1,019,016)	0	(345,086)	0	(1,364,102)	0
Net Position at Beginning of Year	118,235,225	116,044,044	36,088,290	30,183,061	154,323,515	146,227,105
Net Position at End of Year	<b>\$123,328,182</b>	<b>\$119,254,241</b>	<b>\$39,407,173</b>	<b>\$36,433,376</b>	<b>\$162,735,355</b>	<b>\$155,687,617</b>

### Governmental Activities

The most significant program expenses for the City are General Government, Police, Transportation, Fire, and Leisure Time Activities. These programs account for 96.38 percent of the total governmental activities expenses. General Government, which accounts for 45.74 percent of the total, represents costs associated with the general administration of city government including the City Council, Mayor, City Auditor, and Municipal Court. Police, which accounts for 15.03 percent of the total, represents costs associated with the operation of the Police Department. Transportation, which accounts for 14.73 percent of the total, represents costs associated with maintaining and improving the City's streets and operating the bus transit system. Fire, which accounts for 11.98 percent of the total, represents costs associated with the operation of the Fire Department. Leisure Time Activities, which accounts for 8.90 percent of the total, represents costs associated with parks, recreations and community center activities.

Funding for the most significant programs indicated above is from income taxes and charges for services. The income tax revenue for 2024 was \$17,151,874. Of the \$42,356,724 in total revenues, income tax accounts for 40.49 percent of that total. Charges for Services of \$4,871,778 accounts for 11.50 percent of total revenues. Property taxes of \$1,120,121 accounts for 2.64 percent of total revenues. Operating grants and contributions account for 3.19 percent of the total, and lodging taxes, payments in lieu of taxes, grants and entitlements, capital grants and contributions, interest, and other revenue make up the remaining 42.18 percent.

The City monitors its sources of revenues very closely for fluctuations.

**City of Athens, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2024  
Unaudited

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by income and property tax revenues and unrestricted intergovernmental revenues.

Table 3  
**Net Cost of Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
General Government	\$17,080,391	\$8,619,469	\$12,881,054	\$4,729,665
<i>Security of Persons and Property:</i>				
Police	5,614,530	4,390,727	5,389,579	4,034,455
Fire	4,472,604	5,139,878	1,668,600	5,089,878
Transportation	5,501,982	1,682,203	1,778,134	1,185,380
Community and Econ. Development	843,651	838,949	812,162	666,091
Leisure Time Activities	3,322,896	2,300,005	2,405,299	1,486,019
Interest and Fiscal Charges	507,713	1,139,217	507,713	1,139,217
Issuance Costs	0	96,312	0	96,312
<b>Total Expenses</b>	<b>\$37,343,767</b>	<b>\$24,206,760</b>	<b>\$25,442,541</b>	<b>\$18,427,017</b>

It should be noted that 31.87 percent of the costs of services for governmental activities are derived from program revenues including charges for services, operating grants, capital grants, and other contributions.

As shown by the total net costs of \$25,442,541, the remainder of the City's programs are funded by general revenues. A significant portion of the total general revenues consists of income taxes, property taxes, and grants and entitlements.

**Business-Type Activities**

The City's business-type activities include the City's water, sewer, garbage, and parking garage operations. Net position increased by \$3,318,883 or 9.20 percent for 2024, which is due to increases in the water and sewer funds of \$184,013 and \$2,977,827, respectively.

**Financial Analysis of the City's Funds**

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. These funds are accounted for by using the modified accrual basis of accounting.



**City of Athens, Ohio**  
Management's Discussion and Analysis  
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The General Fund is the chief operating fund of the City. At the end of 2024, the total fund balance for the General Fund was \$6,778,435. During the current year, the fund balance of the City's General Fund increased by \$32,123 or 0.48 percent. The increase in the General Fund balance is due to the fact that revenue increases outpaced expenditure increases by a slight margin.

For the other major funds of the City, the Street fund balance increased \$126,401 or 2.74 percent due to an increase in transfers-in during the year. The Recreation fund balance increased \$157,659 or 17.18 percent due to a decrease in expenditures during the year. The Safety Services Police & Fire Capital fund balance decreased \$6,219,136 or 68.23 percent due to a significant increase in expenditures for the construction of a new fire station during 2024.

### **Proprietary Funds**

The City's major proprietary funds are the Parking Garage, Water, Sewer and Garbage funds. The City operates a parking garage with monthly and hourly spaces. Net position in the Parking Garage Fund increased \$103,833 or 3.16 percent, which is the result of charges for services revenue exceeding expenses during 2024. The City provides water and sewer services to city residents. Net position in the Water Fund increased by \$184,013 or 1.48 percent, which is the result of an increase in charges for services during 2024. Net position in the Sewer Fund increased by \$2,977,827 or 14.93 percent, which is the result of an increase in capital grants during the year. Net Position in the Garbage Fund increased by \$53,210 or 11.71 percent, which is the result of an increase in charges for services revenue during the year.

### ***Major Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a budget basis of cash receipts (revenues), and disbursements and encumbrances (expenditures). The most significant budgeted fund is the General Fund. The City does allow small interdepartmental budget changes that modify line items within departments within the same fund.

For the General Fund, the final budgeted revenues and other financing sources were \$18,557,562 representing a change of \$3,265,300 or 21.35 percent from the original budgeted estimates.

For the General Fund, the final budget basis expenditures and other financing uses were \$20,333,524 representing a change of \$1,782,332 or 9.61 percent from the original budgeted estimates. There was a 9.03 percent positive variance in actual expenditures as compared to the final budget in the General Fund. This was due to the fact that the various departments kept their spending levels below their appropriations.

For the Street Fund, the final budgeted revenues and other financing sources were \$3,099,600 representing a change of \$38,600 or 1.26 percent from the original budgeted revenues.

For the Street Fund, the final budget basis expenditures were \$5,359,362 representing a change of \$2,202,921 or 69.79 percent from the original budgeted estimates. There was a 13.97 percent positive variance in actual expenditures as compared to the final budget in the Street Fund. This was due to the fact that the street improvement spending was able to stay within its appropriations.

For the Appalachian Community Grant Fund, the final budgeted revenues and were \$6,420,855 representing no change from the original budgeted revenues.

**City of Athens, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2024  
Unaudited

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For the Appalachian Community Grant Fund, the final budget basis expenditures were \$7,109,416 representing no change from the original budgeted estimates.

For the Recreation Fund, the final budgeted revenues were \$2,658,464 representing a positive change of \$232,500 or 9.58 percent from the original budgeted estimates.

For the Recreation Fund, the final budget basis expenditures were \$2,861,985 representing a change of \$1,286,070 or 81.61 percent from the original budgeted estimates. There was a 15.56 percent positive variance in actual expenditures as compared to the final budget in the Recreation Fund. This was due to the fact that spending levels and encumbrances were maintained below their appropriations.

### **Capital Assets and Debt Administration**

The City's investment in capital assets for governmental and business-type activities as of December 31, 2024, amounts to \$144,671,378 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, equipment and infrastructure.

Total capital assets for governmental activities of the City of Athens for the year 2024 were \$138,691,765.

The capital assets for business-type activities were \$52,143,920 as of December 31, 2024.

The City manages its street network using its Pavement Condition Rating Program and accounts for them using the modified approach. The street condition rating is a numerical condition scale ranging from 1.0 (severely deficient) to 10.0 (new). A street is considered "severely deficient" - that is, needs maintenance or preservation - when its condition falls below 2.0. A street is unsafe-substantially deficient - when it falls below condition level 5. It is the City's policy to keep the value of "severely deficient" streets below 5 percent. The most recent condition assessment shows that the condition of the City's streets is in accordance with the City's policy

Additional information concerning the City's capital assets can be found in Note 12 of the Notes to the Basic Financial Statements.

As of December 31, 2024, the City of Athens had \$44,981,996 in long-term bonds and loans outstanding for governmental activities and business-type activities with \$2,658,198 due within one year.

Outstanding general obligation bonds consist of a swimming pool improvement bond issue and a street improvement bond. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged.

Long-term loans and bonds in the Water and Sewer funds are OWDA loans for improvements to water and sewer lines and a parking garage renovation bond issue.

The City of Athens issued new OWDA loan 10700 and issued additional money for OWDA loan 10228, in the amounts of \$54,319 and \$1,841,862, respectively. OWDA loan 10700 was issued for the Athens City-County Reg. SR 56 Lift Station Improvements, and OWDA loan 10228 was issued for City to County Regionalization: Southwest Sewers.

In addition to the bonded debt, the City's long-term obligations include compensated absences and net pension liability. Additional information concerning the City's debt can be found in Note 13 of the Notes to the Basic Financial Statements.

**City of Athens, Ohio**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2024  
Unaudited

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**Current Known Facts and Conditions**

The City of Athens relies mainly on the public sector and commercial employers, rather than industry, for its income tax revenue. The City's largest employer is Ohio University. Other major employers include the State of Ohio, Athens County, Athens City, and the Athens City School District. The largest private employers include the Kroger Co., Quidel, O'Bleness Memorial Hospital, Ohio Health, Holzer Medical Center and Wal-Mart.

In 2016, the Ohio University Board of Trustees adopted a six-year capital improvement budget for fiscal years 2017 through 2022. The plan was updated in fiscal year 2018 (July 1, 2017 – June 30, 2018) for fiscal years 2019 through 2024. For FYE 2019 the budget includes planned use of reserves of \$17 million, which will be utilized for capital improvements, funding of strategic priorities and programs, bridging toward reduction strategies and a new Regional Campus strategy.

Some of the university projects that were approved starting in 2023 and 2024 were:

- College of Fine Arts facilities \$94.2 million (renewal)
- HCOM Phase 2 \$66.9 million
- Clippinger Renovation Phase III \$37.9 million
- Housing Phase II 94.6 million

Local business/infrastructure activity:

- Firestation
- Homestead Court and Broadmoor Unit Development
- US 33-US 50 Interchange
- Uptown Hotel and Canes Restaurant
- Ridges TIF
- 56/682 Roundabout
- Woods Edge Development
- Armory Renovations

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions or need additional financial information, contact the City Auditor's Office, 8 East Washington Street, Athens, Ohio 45701.

**CITY OF ATHENS, OHIO**  
*Statement of Net Position*  
December 31, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Athens CIC
<b>Assets:</b>				
Equity in Pooled Cash & Cash Equivalents	\$31,698,504	\$15,045,514	\$46,744,018	\$1,210,833
Cash and Cash Equivalents in Segregated Accounts	26,768	0	26,768	0
Settlement Receivable	200,000	0	200,000	0
Accrued Interest Receivable	16,311	0	16,311	0
Accounts Receivable	123,394	1,315,401	1,438,795	0
Internal Balances	100,000	(100,000)	0	0
Intergovernmental Receivable	755,567	0	755,567	539,989
Income Taxes Receivable	1,471,752	0	1,471,752	0
Property Taxes Receivable	1,228,107	0	1,228,107	0
Other Local Taxes Receivable	123,961	0	123,961	0
Special Assessments Receivable	3,723	0	3,723	0
Materials and Supplies Inventory	134,148	526,298	660,446	0
Prepaid Items	74,260	27,290	101,550	0
<i>Restricted Assets:</i>				
Nondepreciable Capital Assets	101,165,694	12,517,746	113,683,440	1,393,646
Depreciable Capital Assets, Net	37,526,071	39,626,174	77,152,245	179,898
Net OPEB Assets	300,857	120,099	420,956	0
<i>Total Assets</i>	<u>174,949,117</u>	<u>69,078,522</u>	<u>244,027,639</u>	<u>3,324,366</u>
<b>Deferred Outflows of Resources</b>	<u>7,924,568</u>	<u>6,247,685</u>	<u>14,172,253</u>	<u>0</u>
<b>Liabilities:</b>				
Accounts Payable	346,271	259,015	605,286	304
Contracts Payable	860,817	3,875	864,692	251,180
Accrued Wages Payable	581,504	151,277	732,781	0
Intergovernmental Payable	61,143	4,090	65,233	0
Accrued Interest Payable	66,291	67,350	133,641	0
Claims Payable	233,018	0	233,018	0
Unearned Revenue	4,203,046	0	4,203,046	0
<i>Long-Term Liabilities:</i>				
Due within One Year	1,728,242	1,925,156	3,653,398	0
<i>Due in More Than One Year:</i>				
Net Pension Liability	22,847,529	3,588,014	26,435,543	0
Net OPEB Liability	1,047,373	0	1,047,373	0
Other Amounts Due in More Than One Year	23,511,518	29,787,244	53,298,762	0
<i>Total Liabilities</i>	<u>55,486,752</u>	<u>35,786,021</u>	<u>91,272,773</u>	<u>251,484</u>
<b>Deferred Inflows of Resources</b>	<u>4,058,751</u>	<u>133,013</u>	<u>4,191,764</u>	<u>0</u>
<b>Net Position:</b>				
Net Investments in Capital Assets	115,874,879	28,796,499	144,671,378	1,573,544
<i>Restricted for:</i>				
Street Maintenance	4,668,692	0	4,668,692	0
Debt Service	2,062,436	0	2,062,436	0
Capital Outlay	8,679,878	0	8,679,878	0
Net OPEB Assets	300,857	120,099	420,956	0
Other Purposes	4,647,417	0	4,647,417	0
Unrestricted (Deficit)	<u>(12,905,977)</u>	<u>10,490,575</u>	<u>(2,415,402)</u>	<u>1,499,338</u>
<b>Total Net Position</b>	<u>\$123,328,182</u>	<u>\$39,407,173</u>	<u>\$162,735,355</u>	<u>\$3,072,882</u>

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**

*Statement of Activities*

*December 31, 2024*

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$17,080,391	\$3,960,183	\$239,154	\$0
<i>Security of Persons and Property:</i>				
Police	5,614,530	16,346	208,605	0
Fire	4,472,604	0	244,004	2,560,000
Transportation	5,501,982	14,707	590,310	3,118,831
Community and Economic Development	843,651	0	31,489	0
Leisure Time Activities	3,322,896	880,542	37,055	0
Interest and Fiscal Charges	507,713	0	0	0
<i>Total Governmental Activities</i>	<u>37,343,767</u>	<u>4,871,778</u>	<u>1,350,617</u>	<u>5,678,831</u>
<b>Business-Type Activities:</b>				
Garbage	2,282,275	2,328,344	0	0
Parking Garage	269,052	414,578	0	0
Water	5,111,574	5,186,357	54,319	0
Sewer	5,273,886	6,738,943	0	1,428,079
<i>Total Business-Type Activities</i>	<u>12,936,787</u>	<u>14,668,222</u>	<u>54,319</u>	<u>1,428,079</u>
<i>Total Primary Government</i>	<u>\$50,280,554</u>	<u>\$19,540,000</u>	<u>\$1,404,936</u>	<u>\$7,106,910</u>
<b>Component Unit:</b>				
Athens CIC	15,017	0	2,027,321	0
<i>Total Component Unit</i>	<u>\$15,017</u>	<u>\$0</u>	<u>\$2,027,321</u>	<u>\$0</u>

**General Revenues:**

Property Taxes  
*Income Taxes:*  
    General Purposes  
    Debt Service  
    Capital Outlay  
Lodging Taxes  
Payment in Lieu of Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Transfers

*Total General Revenues and Transfers*

*Change in Net Position*

Net Position at Beginning of Year, as previously reported  
Change in accounting principal (GASB 101)  
Fund Balances, January 1, as restated

Net Position at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Athens CIC
(\$12,881,054)	\$0	(\$12,881,054)	\$0
(5,389,579)	0	(5,389,579)	0
(1,668,600)	0	(1,668,600)	0
(1,778,134)	0	(1,778,134)	0
(812,162)	0	(812,162)	0
(2,405,299)	0	(2,405,299)	0
(507,713)	0	(507,713)	0
<u>(25,442,541)</u>	<u>0</u>	<u>(25,442,541)</u>	<u>0</u>
0	46,069	46,069	0
0	145,526	145,526	0
0	129,102	129,102	0
0	2,893,136	2,893,136	0
<u>0</u>	<u>3,213,833</u>	<u>3,213,833</u>	<u>0</u>
<u>(25,442,541)</u>	<u>3,213,833</u>	<u>(22,228,708)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,012,304</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>2,012,304</u>
1,120,121	0	1,120,121	0
15,435,843	0	15,435,843	0
537,419	0	537,419	0
1,178,612	0	1,178,612	0
542,516	0	542,516	0
600,293	0	600,293	0
8,681,573	0	8,681,573	0
1,677,046	116,118	1,793,164	28,070
682,075	68,932	751,007	0
80,000	(80,000)	0	0
<u>30,535,498</u>	<u>105,050</u>	<u>30,640,548</u>	<u>28,070</u>
5,092,957	3,318,883	8,411,840	2,040,374
119,254,241	36,433,376	155,687,617	
(1,019,016)	(345,086)	(1,364,102)	
<u>118,235,225</u>	<u>36,088,290</u>	<u>154,323,515</u>	<u>1,032,508</u>
<u>\$123,328,182</u>	<u>\$39,407,173</u>	<u>\$162,735,355</u>	<u>\$3,072,882</u>

**CITY OF ATHENS, OHIO**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2024*

	General	Street	Recreation	Appalachia Community Grant	Safety Services Police & Fire Capital	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>							
Equity in Pooled Cash and Cash Equivalents	\$5,966,575	\$4,461,356	\$1,006,157	\$3,887,971	\$3,431,026	\$11,829,374	\$30,582,459
Cash and Cash Equivalents in Segregated Account:	13,178	0	0	0	0	13,590	26,768
Settlement Receivable	0	0	0	0	200,000	0	200,000
Accrued Interest Receivable	16,311	0	0	0	0	0	16,311
Accounts Receivable	53,998	116	38,977	0	0	30,303	123,394
Interfund Receivable	100,000	0	0	0	0	0	100,000
Intergovernmental Receivable	440,629	245,283	0	0	0	69,655	755,567
Income Taxes Receivable	875,010	210,965	110,580	0	0	275,197	1,471,752
Property Taxes Receivable	1,228,107	0	0	0	0	0	1,228,107
Other Local Taxes Receivable	62,022	0	0	0	0	61,939	123,961
Special Assessments Receivable	3,723	0	0	0	0	0	3,723
Materials and Supplies Inventory	35,428	96,883	1,837	0	0	0	134,148
Prepaid Items	61,569	282	5,159	0	0	0	67,010
<i>Total Assets</i>	<u>\$8,856,550</u>	<u>\$5,014,885</u>	<u>\$1,162,710</u>	<u>\$3,887,971</u>	<u>\$3,631,026</u>	<u>\$12,280,058</u>	<u>\$34,833,200</u>
<b>Liabilities:</b>							
Accounts Payable	\$118,833	\$15,762	\$19,362	\$185,995	\$0	\$3,008	\$342,960
Contracts Payable	27,669	48,976	25,505	0	735,326	23,341	860,817
Accrued Wages Payable	476,115	50,544	40,736	0	0	4,515	571,910
Unearned Revenue	0	0	0	3,701,976	0	501,070	4,203,046
Intergovernmental Payable	17,672	1,311	1,765	0	0	40,130	60,878
<i>Total Liabilities</i>	<u>640,289</u>	<u>116,593</u>	<u>87,368</u>	<u>3,887,971</u>	<u>735,326</u>	<u>572,064</u>	<u>6,039,611</u>
<b>Deferred Inflows of Resources</b>	<u>1,437,826</u>	<u>162,044</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>83,175</u>	<u>1,683,045</u>
<b>Fund Balances:</b>							
Nonspendable	100,200	97,165	6,996	0	0	0	204,361
Restricted	0	4,639,083	1,068,346	0	2,895,700	11,624,819	20,227,948
Assigned	4,203,951	0	0	0	0	0	4,203,951
Unassigned	2,474,284	0	0	0	0	0	2,474,284
<i>Total Fund Balances</i>	<u>6,778,435</u>	<u>4,736,248</u>	<u>1,075,342</u>	<u>0</u>	<u>2,895,700</u>	<u>11,624,819</u>	<u>27,110,544</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$8,856,550</u>	<u>\$5,014,885</u>	<u>\$1,162,710</u>	<u>\$3,887,971</u>	<u>\$3,631,026</u>	<u>\$12,280,058</u>	<u>\$34,833,200</u>

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2024*

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**Total Governmental Funds Balances** \$27,110,544

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (less: Internal Service Fund amount) 138,661,366

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Taxes	13,408
Special Assessments	3,723
Intergovernmental	437,807

Total 454,938

In the Statement of Activities, interest is accrued on outstanding debt, whereas in the governmental funds, an interest expenditure is reported when due. (66,291)

Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(17,725,000)
Premium On Bonds	(1,151,912)
OPWC Loans	(350,000)
SIB Loans	(3,559,575)
Compensated Absences Payable (less: Internal Service Fund amount)	(2,430,531)

Total (25,217,018)

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

Deferred Outflows - Pension	7,064,160
Deferred Outflows - OPEB	860,408
Deferred Inflows - Pension	(1,575,788)
Deferred Inflows - OPEB	(1,254,856)
Net OPEB Assets	300,857
Net Pension Liability	(22,847,529)
Net OPEB Liability	(1,047,373)

Total (18,500,121)

Internal service funds are used by management to charge the costs of services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

884,764

*Net Position of Governmental Activities*

\$123,328,182

See accompanying notes to the basic financial statements.



**CITY OF ATHENS, OHIO**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2024*

	General	Street	Recreation	Appalachia Community Grant	Safety Services Police & Fire Capital	All Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Property Taxes	\$1,120,121	\$0	\$0	\$0	\$0	\$0	\$1,120,121
Income Taxes	10,375,670	2,068,391	1,596,250	0	0	3,111,563	17,151,874
Other Local Taxes	271,300	0	0	0	0	271,216	542,516
Payments in Lieu of Taxes	0	0	0	0	0	600,293	600,293
Charges for Services	1,364,931	0	880,542	0	0	41,255	2,286,728
Licenses and Permits	1,305,416	0	0	0	0	68,687	1,374,103
Fines and Forfeitures	989,926	0	0	0	0	203,327	1,193,253
Intergovernmental	1,315,390	492,125	29,000	7,109,441	2,500,000	4,173,157	15,619,113
Special Assessments	17,548	0	0	0	0	8,092	25,640
Interest	699,054	53,569	10,415	0	150,746	657,908	1,571,692
Contributions and Donations	61,550	0	8,055	0	0	0	69,605
Other	532,480	103,922	11,613	0	0	34,060	682,075
<i>Total Revenues</i>	<u>18,053,386</u>	<u>2,718,007</u>	<u>2,535,875</u>	<u>7,109,441</u>	<u>2,650,746</u>	<u>9,169,558</u>	<u>42,237,013</u>
<b>Expenditures:</b>							
<i>Current:</i>							
General Government	7,250,211	0	0	7,109,441	521,976	1,440,204	16,321,832
Security of Persons and Property:							
Police	5,201,752	0	0	0	0	0	5,201,752
Fire	4,085,356	0	0	0	0	0	4,085,356
Transportation	812,268	2,886,106	0	0	0	408,686	4,107,060
Community and Economic Development	741,676	0	0	0	0	73,078	814,754
Leisure Time Services	0	0	2,378,216	0	0	571,465	2,949,681
Capital Outlay	0	0	0	0	8,347,906	4,691,887	13,039,793
<i>Debt Service:</i>							
Principal Retirement	0	0	0	0	0	1,040,472	1,040,472
Interest and Fiscal Charges	0	0	0	0	0	976,785	976,785
<i>Total Expenditures</i>	<u>18,091,263</u>	<u>2,886,106</u>	<u>2,378,216</u>	<u>7,109,441</u>	<u>8,869,882</u>	<u>9,202,577</u>	<u>48,537,485</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(37,877)</u>	<u>(168,099)</u>	<u>157,659</u>	<u>0</u>	<u>(6,219,136)</u>	<u>(33,019)</u>	<u>(6,300,472)</u>
<b>Other Financing Sources (Uses):</b>							
Transfers In	145,000	294,500	0	0	0	139,254	578,754
Transfers Out	(75,000)	0	0	0	0	(423,754)	(498,754)
<i>Total Other Financing Sources (Uses)</i>	<u>70,000</u>	<u>294,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(284,500)</u>	<u>80,000</u>
<i>Net Change in Fund Balances</i>	<u>32,123</u>	<u>126,401</u>	<u>157,659</u>	<u>0</u>	<u>(6,219,136)</u>	<u>(317,519)</u>	<u>(6,220,472)</u>
<i>Fund Balances at Beginning of Year</i>	<u>6,746,312</u>	<u>4,609,847</u>	<u>917,683</u>	<u>0</u>	<u>9,114,836</u>	<u>11,942,338</u>	<u>33,331,016</u>
<i>Fund Balances at End of Year</i>	<u>\$6,778,435</u>	<u>\$4,736,248</u>	<u>\$1,075,342</u>	<u>\$0</u>	<u>\$2,895,700</u>	<u>\$11,624,819</u>	<u>\$27,110,544</u>

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2024*

**Net Change in Fund Balances - Total Governmental Funds** (\$6,220,472)

**Amounts reported for governmental activities in the Statement of Activities are different because:**

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

Capital Asset Additions (less: Internal Service Fund amount)	11,258,649	
Current Year Depreciation (less: Internal Service Fund amount)	<u>(1,594,151)</u>	
Total		9,664,498

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	249	
Special Assessments	(7,946)	
Intergovernmental	<u>22,054</u>	
Total		14,357

Repayment of principal (e.g. bonds, notes, leases) is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 1,040,472

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 384,920

Some expenses reported in the Statement of Activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as an expenditure in the governmental funds.

Compensated Absences Payable (less: Internal Service Fund amount)	(244,433)	
Premium on Bonds	<u>84,152</u>	
Total		(160,281)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred revenues. 1,896,352

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension expense in the Statement of Activities. (2,228,546)

Internal service funds used by management to charges cost of services to individual funds are not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of internal service funds are allocated among the activities.

701,657

*Change in Net Position of Governmental Activities* \$5,092,957

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Budget Basis)*  
General Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property Taxes	\$1,050,100	\$1,125,100	\$1,120,121	(\$4,979)
Income Taxes	9,000,000	10,535,000	10,532,750	(2,250)
Other Local Taxes	260,000	275,000	270,185	(4,815)
Charges for Services	1,529,950	2,379,150	2,362,278	(16,872)
Fines and Forfeitures	1,189,000	1,067,350	989,933	(77,417)
Intergovernmental	1,458,000	1,040,500	919,257	(121,243)
Special Assessments	3,000	20,000	17,548	(2,452)
Interest	12	760,000	755,306	(4,694)
Contributions and Donations	51,500	62,000	61,550	(450)
Other	700,700	1,148,462	1,126,882	(21,580)
<i>Total Revenues</i>	15,242,262	18,412,562	18,155,810	(256,752)
<b>Expenditures:</b>				
<i>Current:</i>				
General Government	7,014,224	8,283,280	7,371,958	911,322
<i>Security of Persons and Property:</i>				
Police	5,509,045	5,613,939	5,235,783	378,156
Fire	4,273,740	4,530,619	4,214,012	316,607
Transportation	873,453	923,485	843,702	79,783
Community and Economic Development	880,730	906,768	762,961	143,807
<i>Total Expenditures</i>	18,551,192	20,258,091	18,428,416	1,829,675
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,308,930)	(1,845,529)	(272,606)	1,572,923
<b>Other Financing Sources (Uses):</b>				
Transfers - In	0	145,000	145,000	0
Notes Issued	50,000	0	0	0
Transfers - Out	0	(75,433)	(75,000)	433
<i>Total Other Financing Sources (Uses)</i>	50,000	69,567	70,000	433
<i>Net Change in Fund Balance</i>	(3,258,930)	(1,775,962)	(202,606)	1,573,356
Fund Balances at Beginning of Year	4,878,063	4,878,063	4,878,063	0
Prior Year Encumbrances Appropriated	624,859	624,859	624,859	0
Fund Balances at End of Year	\$2,243,992	\$3,726,960	\$5,300,316	\$1,573,356

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Budget Basis)*  
Street Fund  
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income Taxes	\$2,100,000	\$2,107,000	\$2,106,551	(\$449)
Intergovernmental	466,000	507,600	488,556	(19,044)
Interest	100,000	60,000	53,569	(6,431)
Other	175,000	125,000	103,922	(21,078)
<i>Total Revenues</i>	2,841,000	2,799,600	2,752,598	(47,002)
<b>Expenditures:</b>				
<i>Current:</i>				
Transportation	3,156,441	5,359,362	4,610,569	748,793
<i>Total Expenditures</i>	3,156,441	5,359,362	4,610,569	748,793
<i>Excess of Revenues Over (Under) Expenditures</i>	(315,441)	(2,559,762)	(1,857,971)	701,791
<b>Other Financing Sources:</b>				
Transfers - In	220,000	300,000	294,500	(5,500)
<i>Total Other Financing Sources</i>	220,000	300,000	294,500	(5,500)
<i>Net Change in Fund Balance</i>	(95,441)	(2,259,762)	(1,563,471)	696,291
Fund Balances at Beginning of Year	3,801,651	3,801,651	3,801,651	0
Prior Year Encumbrances Appropriated	457,627	457,627	457,627	0
Fund Balances at End of Year	\$4,163,837	\$1,999,516	\$2,695,807	\$696,291

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 Appalachia Community Grant Fund  
 For the Year Ended December 31, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$6,420,855	\$6,420,855	\$6,420,855	\$0
<i>Total Revenues</i>	6,420,855	6,420,855	6,420,855	0
<b>Expenditures:</b>				
<i>Current:</i>				
General Government	7,109,416	7,109,416	7,109,416	0
<i>Total Expenditures</i>	7,109,416	7,109,416	7,109,416	0
<i>Excess of Revenues Over (Under) Expenditures</i>	(688,561)	(688,561)	(688,561)	0
Fund Balances at Beginning of Year	4,377,562	4,377,562	4,377,562	0
Prior Year Encumbrances Appropriated	13,000	13,000	13,000	0
Fund Balances at End of Year	\$3,702,001	\$3,702,001	\$3,702,001	\$0

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)*  
**Recreation Fund**  
*For the Year Ended December 31, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Income Taxes	\$1,529,064	\$1,640,564	\$1,615,513	(\$25,051)
Charges for Services	802,900	956,050	910,267	(45,783)
Intergovernmental	35,000	30,000	29,000	(1,000)
Interest	14,000	11,000	10,415	(585)
Contributions and Donations	38,000	8,800	8,055	(745)
Other	7,000	12,050	11,613	(437)
<i>Total Revenues</i>	2,425,964	2,658,464	2,584,863	(73,601)
<b>Expenditures:</b>				
<i>Current:</i>				
Leisure Time Services	1,575,915	2,861,985	2,416,578	445,407
<i>Total Expenditures</i>	1,575,915	2,861,985	2,416,578	445,407
<i>Net Change in Fund Balance</i>	850,049	(203,521)	168,285	371,806
Fund Balances at Beginning of Year	682,898	682,898	682,898	0
Prior Year Encumbrances Appropriated	69,971	69,971	69,971	0
Fund Balances at End of Year	\$1,602,918	\$549,348	\$921,154	\$371,806

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Fund Net Position*  
*Proprietary Funds*  
*December 31, 2024*

	Business-Type Activities					Governmental Activities
	Parking Garage	Water	Sewer	Garbage	Totals	Internal Service Funds
<b>Assets:</b>						
<i>Current:</i>						
Equity in Pooled Cash & Cash Equivalents	\$799,038	\$5,242,694	\$8,479,451	\$524,331	\$15,045,514	\$1,116,045
Accounts Receivable	16,676	322,315	819,654	156,756	1,315,401	0
Materials and Supplies Inventory	0	377,763	148,535	0	526,298	0
Prepaid Items	6,228	7,064	7,064	6,934	27,290	7,250
<i>Noncurrent:</i>						
Net OPEB Asset	0	59,018	61,081	0	120,099	0
Nondepreciable Capital Assets	359,755	32,950	12,110,366	14,675	12,517,746	0
Depreciable Capital Assets, Net	3,069,249	13,163,307	23,393,618	0	39,626,174	30,399
<i>Total Assets</i>	<u>4,250,946</u>	<u>19,205,111</u>	<u>45,019,769</u>	<u>702,696</u>	<u>69,178,522</u>	<u>1,153,694</u>
<b>Deferred Outflows of Resources</b>	<u>0</u>	<u>624,211</u>	<u>5,623,474</u>	<u>0</u>	<u>6,247,685</u>	<u>0</u>
<b>Liabilities:</b>						
<i>Current:</i>						
Accounts Payable	0	38,446	56,704	163,865	259,015	3,311
Contracts Payable	0	1,988	1,887	0	3,875	0
Accrued Wages Payable	0	70,867	74,591	5,819	151,277	9,594
Compensated Absences Payable	0	145,095	127,257	5,685	278,037	5,453
Intergovernmental Payable	0	1,900	1,959	231	4,090	265
Accrued Interest Payable	1,440	21,217	44,693	0	67,350	0
Interfund Payable	100,000	0	0	0	100,000	0
Claims Payable	0	0	0	0	0	233,018
General Obligation Bonds Payable	145,000	0	0	0	145,000	0
OWDA Loans Payable	0	307,911	1,194,208	0	1,502,119	0
<i>Noncurrent Liabilities:</i>						
Compensated Absences Payable	0	257,886	269,490	19,566	546,942	17,289
General Obligation Bonds Payable	610,000	0	0	0	610,000	0
OWDA Loans Payable	0	4,559,116	16,531,186	0	21,090,302	0
Asset Retirement Obligation	0	0	7,540,000	0	7,540,000	0
Net Pension Liability	0	1,763,195	1,824,819	0	3,588,014	0
<i>Total Liabilities</i>	<u>856,440</u>	<u>7,167,621</u>	<u>27,666,794</u>	<u>195,166</u>	<u>35,886,021</u>	<u>268,930</u>
<b>Deferred Inflows of Resources</b>	<u>0</u>	<u>73,292</u>	<u>59,721</u>	<u>0</u>	<u>133,013</u>	<u>0</u>
<b>Net Position:</b>						
Net Investments in Capital Assets	2,674,004	8,329,230	17,778,590	14,675	28,796,499	30,399
<i>Restricted for:</i>						
Net OPEB Assets	0	59,018	61,081	0	120,099	0
Unrestricted	720,502	4,200,161	5,077,057	492,855	10,490,575	854,365
<i>Total Net Position</i>	<u>\$3,394,506</u>	<u>\$12,588,409</u>	<u>\$22,916,728</u>	<u>\$507,530</u>	<u>\$39,407,173</u>	<u>\$884,764</u>

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2024*

	Business-Type Activities				Governmental Activities	
	Parking Garage	Water	Sewer	Garbage	Totals	Internal Service Funds
<b>Operating Revenues:</b>						
Charges for Services	\$414,578	\$5,186,357	\$6,738,943	\$2,328,344	\$14,668,222	\$5,733,281
Other	0	0	20,178	0	20,178	14,540
<i>Total Operating Revenues</i>	<u>414,578</u>	<u>5,186,357</u>	<u>6,759,121</u>	<u>2,328,344</u>	<u>14,688,400</u>	<u>5,747,821</u>
<b>Operating Expenses:</b>						
Personal Services	0	1,222,348	1,273,494	144,438	2,640,280	171,067
Fringe Benefits	0	742,408	719,698	99,617	1,561,723	128,802
Contractual Services	134,308	1,785,680	1,457,112	2,026,268	5,403,368	1,057,634
Materials and Supplies	1,488	506,628	209,451	11,952	729,519	72,227
Utilities	20,601	198,419	516,050	0	735,070	5,214
Claims	0	0	0	0	0	4,105,566
Depreciation	92,158	565,289	903,184	0	1,560,631	17,693
<i>Total Operating Expenses</i>	<u>248,555</u>	<u>5,020,772</u>	<u>5,078,989</u>	<u>2,282,275</u>	<u>12,630,591</u>	<u>5,558,203</u>
<i>Operating Income (Loss)</i>	<u>166,023</u>	<u>165,585</u>	<u>1,680,132</u>	<u>46,069</u>	<u>2,057,809</u>	<u>189,618</u>
<b>Non-Operating Revenues (Expenses):</b>						
Interest Income	3,161	45,593	63,740	3,624	116,118	105,354
Intergovernmental	0	54,319	0	0	54,319	0
Capital Grants and Contributions	0	0	1,428,079	0	1,428,079	0
Other Non-Operating Revenues	35,146	9,318	773	3,517	48,754	406,685
Interest and Fiscal Charges	(20,497)	(90,802)	(194,897)	0	(306,196)	0
<i>Total Non-Operating Revenues (Expenses)</i>	<u>17,810</u>	<u>18,428</u>	<u>1,297,695</u>	<u>7,141</u>	<u>1,341,074</u>	<u>512,039</u>
<i>Income/(Loss) Before Transfers</i>	<u>183,833</u>	<u>184,013</u>	<u>2,977,827</u>	<u>53,210</u>	<u>3,398,883</u>	<u>701,657</u>
Transfers - Out	(80,000)	0	0	0	(80,000)	0
<i>Change in Net Position</i>	<u>103,833</u>	<u>184,013</u>	<u>2,977,827</u>	<u>53,210</u>	<u>3,318,883</u>	<u>701,657</u>
Net Position at Beginning of Year, as previously reported	3,290,673	12,574,568	20,100,537	467,598	36,433,376	192,818
Change in accounting principal (GASB 101)	0	(170,172)	(161,636)	(13,278)	(345,086)	(9,711)
Fund Balances, January 1, as restated	<u>3,290,673</u>	<u>12,404,396</u>	<u>19,938,901</u>	<u>454,320</u>	<u>36,088,290</u>	<u>183,107</u>
Net Position at End of Year	<u>\$3,394,506</u>	<u>\$12,588,409</u>	<u>\$22,916,728</u>	<u>\$507,530</u>	<u>\$39,407,173</u>	<u>\$884,764</u>

See accompanying notes to the basic financial statements.



**CITY OF ATHENS, OHIO**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2024

	Business-Type Activities					Governmental Activities
	Parking Garage	Water	Sewer	Garbage	Totals	Internal Service Funds
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers	\$432,854	\$5,113,770	\$6,178,703	\$2,366,222	\$14,091,549	\$5,733,281
Cash from Other Receipts	0	0	15,312	0	15,312	14,540
Cash Payments to Employees	0	(1,897,360)	(1,943,735)	(245,577)	(4,086,672)	(292,113)
Cash Payments for Contractual Services	(131,953)	(640,544)	(1,388,937)	(2,034,903)	(4,196,337)	(1,057,703)
Cash Payments for Insurance Claims	0	0	0	0	0	(4,259,341)
Cash Payments for Supplies and Materials	(1,488)	(1,690,258)	(274,081)	(11,952)	(1,977,779)	(40,399)
Cash Payments for Other Expenses	(20,737)	(197,805)	(515,169)	0	(733,711)	(5,214)
<i>Net Cash from Operating Activities</i>	<u>278,676</u>	<u>687,803</u>	<u>2,072,093</u>	<u>73,790</u>	<u>3,112,362</u>	<u>93,051</u>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Other Nonoperating Receipts	35,146	18,174	773	3,517	57,610	406,685
Transfers - Out to Other Funds	(80,000)	0	0	0	(80,000)	0
Cash Received From Grants	0	54,319	0	0	54,319	0
<i>Net Cash from Noncapital Financing Activities</i>	<u>(44,854)</u>	<u>72,493</u>	<u>773</u>	<u>3,517</u>	<u>31,929</u>	<u>406,685</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds Received from Notes and Loans	0	54,319	1,841,862	0	1,896,181	0
Interest Paid on Notes and Loans	(20,764)	(92,795)	(200,615)	0	(314,174)	0
Principal Paid on Notes and Loans	(140,000)	(356,843)	(1,178,746)	0	(1,675,589)	0
Cash Paid to Acquire/Construct Capital Assets	(33,951)	(16,352)	(3,612,016)	0	(3,662,319)	(5,506)
Cash Received from Capital Grants	0	0	1,428,079	0	1,428,079	0
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(194,715)</u>	<u>(411,671)</u>	<u>(1,721,436)</u>	<u>0</u>	<u>(2,327,822)</u>	<u>(5,506)</u>
<b>Cash Flows from Investing Activities:</b>						
Interest Received on Investments	3,161	45,593	63,740	3,624	116,118	105,354
<i>Net Cash from Investing Activities</i>	<u>3,161</u>	<u>45,593</u>	<u>63,740</u>	<u>3,624</u>	<u>116,118</u>	<u>105,354</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	42,268	394,218	415,170	80,931	932,587	599,584
Cash and Cash Equivalents at Beginning of Year	<u>756,770</u>	<u>4,848,476</u>	<u>8,064,281</u>	<u>443,400</u>	<u>14,112,927</u>	<u>516,461</u>
Cash and Cash Equivalents at End of Year	<u>\$799,038</u>	<u>\$5,242,694</u>	<u>\$8,479,451</u>	<u>\$524,331</u>	<u>\$15,045,514</u>	<u>\$1,116,045</u>

See accompanying notes to the basic financial statements.

(Continued)

**CITY OF ATHENS, OHIO**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2024

	Business-Type Activities					Governmental Activities
	Parking Garage	Water	Sewer	Garbage	Totals	Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:</b>						
Operating Income (Loss)	\$166,023	\$165,585	\$1,680,132	\$46,069	\$2,057,809	\$189,618
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:</b>						
Depreciation Expense	92,158	565,289	903,184	0	1,560,631	17,693
<b>Changes in Assets and Liabilities:</b>						
(Increase) Decrease in Accounts Receivable	18,276	(63,731)	(565,106)	37,878	(572,683)	0
(Increase) Decrease in Material and Supply Inventory	0	(8,920)	(52,243)	0	(61,163)	0
(Increase) Decrease in Prepaid Items	2,355	16,587	12,071	67	31,080	28,923
(Increase) Decrease in Net OPEB Asset	0	(59,018)	(61,081)	0	(120,099)	0
(Increase) Decrease in Deferred Outflows of Resources	0	397,290	455,353	0	852,643	0
Increase (Decrease) in Accounts Payable	(136)	(34,761)	(13,393)	(8,702)	(56,992)	2,836
Increase (Decrease) in Contracts Payable	0	(10,786)	(14,015)	0	(24,801)	0
Increase (Decrease) in Accrued Wages Payable	0	17,246	16,992	(1,105)	33,133	2,183
Increase (Decrease) in Compensated Absences	0	44,831	28,613	(451)	72,993	5,560
Increase (Decrease) in Due to Other Funds	0	135	136	34	305	0
Increase (Decrease) in Intergovernmental Payable	0	0	0	0	0	13
Increase (Decrease) in Claims Payable	0	0	0	0	0	(153,775)
Increase (Decrease) in Net OPEB Liability	0	(43,443)	(44,114)	0	(87,557)	0
Increase (Decrease) in Net Pension Liability	0	(325,748)	(296,374)	0	(622,122)	0
Increase (Decrease) in Deferred Inflows of Resources	0	27,247	21,938	0	49,185	0
<i>Net Cash from Operating Activities</i>	<u>\$278,676</u>	<u>\$687,803</u>	<u>\$2,072,093</u>	<u>\$73,790</u>	<u>\$3,112,362</u>	<u>\$93,051</u>

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Fiduciary Net Position*  
*Fiduciary Fund*  
*December 31, 2024*

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	<u>Custodial</u>
<b>Assets:</b>	
Equity in Pooled Cash & Cash Equivalents	\$7,300
Cash and Cash Equivalents in Segregated Accounts	<u>140,378</u>
<i>Total Assets</i>	<u>147,678</u>
<b>Net Position:</b>	
Restricted for Individuals, Organizations and Other Governments	<u>147,678</u>
<i>Total Net Position</i>	<u><u>\$147,678</u></u>

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Fund*  
*For the Year Ended December 31, 2024*

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	<u>Custodial</u>
<b>Additions:</b>	
Custodial Fund Receipts	<u>\$1,826,786</u>
<i>Total Additions</i>	<u>1,826,786</u>
<b>Deductions:</b>	
Custodial Fund Disbursements	<u>1,843,928</u>
<i>Total Deductions</i>	<u>1,843,928</u>
<i>Change in Net Position</i>	(17,142)
<i>Net Position at Beginning of Year</i>	<u>164,820</u>
<i>Net Position at End of Year</i>	<u><u>\$147,678</u></u>

See accompanying notes to the basic financial statements.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The City was incorporated in 1811 and is a statutory municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides various services including police and fire protection, parks and recreation, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, and a public parking garage, which are reported as enterprise funds. Refuse collection services are also accounted for as an enterprise operation.

As required by generally accepted accounting principles, the financial statements present the City of Athens (the primary government) and any component units. In determining whether to include a governmental department, agency, commission or organization as a component unit, the City must evaluate each entity as to whether they are legally separate and financially accountable based on criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of (1) its corporate name, (2) the right to sue or be sued and (3) the right to buy, sell, lease and mortgage property. Financial accountability is based on (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of a specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City.

Based on the foregoing criteria, the following governmental entities are not considered legally separate and are financially accountable to the City. Therefore, they are included as part of the reporting entity of the City.

Athens Municipal Court - The City budgets and appropriates for the operation of the Court, establishes the compensation for certain Court employees and is ultimately responsible for any operating deficits sustained by the Court. The operations of the Court are presented as a separate Custodial Fund in the City's financial statements.

Athens City School District - The Athens City School District encompasses the City of Athens. The members of the Board of Education of the District are elected by the voters within the District. The Board is a legally separate body politic and corporate, capable of suing, contracting, possessing, acquiring, and disposing of real property. The Board controls its own operations and budget and has no financial accountability to the City.

Athens Public Library - The Library provides library services for the citizens of Athens County. The Library is a legally separate entity with no financial accountability to the City. It has a separately selected governing authority and a separate designation of management. The City has no ability to impose its will upon the Library. Additionally, the Library provides no financial benefit to nor does it impose any financial burden upon the City.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units.

**NOTE 2 - DISCRETELY PRESENTED COMPONENT UNIT**

Because of their financial relationship with the City, the following organization is part of the City of Athens reporting entity and is presented as an individual component unit. The component unit column in the basic financial statements reflects the financial data of the Athens Community Improvement Corporation, Inc. (Athens CIC) for the fiscal year ending December 31, 2024. Athens CIC is reported in a separate column to emphasize that they are legally separate from the City.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 2 - DISCRETELY PRESENTED COMPONENT UNIT (Continued)**

Significant disclosures pertaining to this component unit is included in Note 20. Complete financial statements of the individual component unit can be obtained from the administration offices of Athens Community Improvement Corporation, Inc., 8 East Washington Street, Athens, Ohio, 45701.

The Athens Community Improvement Corporation, Athens County, Ohio, is a nonprofit organization exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation was formed in 2022 to encourage and promote the industrial, economic, commercial and civic development of Athens County and the territory surrounding the City of Athens. Resources for the Corporation's activities are primarily provided by contributions from local governments and businesses.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements:** The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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

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

Street Fund: This fund accounts for that portion of the state gasoline and motor vehicle registration fees as well as income tax revenue designated by voters for maintenance and repair of streets within the City.

Recreation Fund: This fund accounts for an income tax levy and charges for services to be used for park, recreation and community center purposes.

Safety Services Police & Fire Capital: This fund accounts for the process of building a new fire station. The funds were used to purchase the land and start the building process.

Appalachia Community Grant Fund: This fund accounts for grant monies used for the rehabilitation of historic buildings.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds: Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's proprietary funds are classified as either enterprise or internal service. The following are the City's major enterprise funds:

Parking Garage Fund: This fund accounts for the operation of a public parking garage within the City.

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

Sewer Fund: This fund accounts for the provision of sanitary sewer treatment to residential and commercial users located within the City.

Garbage Fund: This fund accounts for charges for services for the collection of refuse within the city.

The internal service funds of the City account for the financing of services provided by one department or agency of the City to other departments or agencies of the City on a cost reimbursement basis.

**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fiduciary Funds: Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's fiduciary funds are custodial funds – Mansfield House Maintenance which receives donations to handle repairs to the Mansfield House, the Municipal Court which accounts for the activities of the Athens Municipal Court.

Measurement Focus

Government-Wide Financial Statements: The government-wide financial statements are prepared using the economic resources measurement focus. All assets Deferred Outflows of Resources, liabilities and Deferred Inflows of Resources associated with the operation of the City are included on the Statement of Net Position.

Fund Financial Statements: All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred inflows, and current liabilities, deferred outflows generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus. For proprietary funds, the Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Proprietary funds also present a statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities. Fiduciary funds present a Statement of Changes in Fiduciary Net Position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

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

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



**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: municipal income taxes, grants, state-levied shared taxes (including gasoline tax), fines and forfeitures, and investment earnings.

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

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

Budgetary Accounting and Control:

Under Ohio law, City Council must adopt an appropriations budget by January 1<sup>st</sup> of a given year, or adopt a temporary appropriation measure with final passage of a permanent budget by April 1<sup>st</sup>, for all funds except Custodial Funds. Budgets are adopted for each organizational unit by fund.

Each City department prepares a budget which is approved by City Council. All modifications made throughout the year to the original department budgets must be requested by the departmental management and approved through legal resolution by City Council, except in the travel transportation, materials and supplies, and contractual services and miscellaneous or other expenditure categories of each department.

Several budget modifications and supplemental appropriations were made during the year and each revised budget amount reported in the budget to actual comparisons includes all modifications and supplemental appropriations that were necessary.

The City maintains budgetary control by Fund and within each fund by Office, Department and Division. Each Office, Department and Division is further divided by transaction class, representing Personal Services, Supplies & Services and Capital Expenditures. Council ordinance does not permit co-mingling or movement of monies among transaction classes without ordinance; and, does not permit expenditures and encumbrances to exceed appropriations for each transaction class. Unencumbered and unexpended appropriations lapse at year-end in all budgeted funds. Prior year encumbrances and corresponding prior year appropriations are carried forward as part of the budgetary authority for next year and are included in the original and revised budget amounts shown in the budget-to-actual comparisons.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as final budget amounts on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2024.

The City's budgetary process accounts for certain transactions on a budgetary basis instead of a GAAP basis. The major differences between the budget basis and the GAAP basis are that revenues are recorded when actually received (budget basis) as opposed to when susceptible to accrual (GAAP basis), and expenditures are recorded when paid (budget basis) as opposed to when incurred (GAAP basis). Additionally, the City reflects outstanding encumbrances at year-end as expenditures on the budgetary basis.

**Cash and Investments**

Cash and investments of the City's funds, except those held in restricted asset accounts, are pooled and invested in short-term investments in order to provide improved cash management. During 2024, the City's funds were invested in interest bearing demand accounts and certificates of deposit with commercial banks. For purposes of the Statement of Cash Flows, the enterprise funds' portion of cash and cash equivalents is considered a cash equivalent because the City is able to withdraw resources from the enterprise funds without prior notice or penalty.

For purposes of the Statement of Cash Flows and for the presentation on the Statement of Net Position/Balance Sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Following the local ordinance of the City as well as State statutes, the City has specified the funds to receive an allocation of interest earnings. During 2024 the General Fund earned interest revenue of \$699,054, of which \$601,160 was assigned from other funds.

**Inventories**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Prepaid Items

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activity's column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets donated works of art or similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of streets, traffic signals, bridges, drainage systems, water and sewer lines, and valves and meters.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets are depreciated except for land, streets, and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	40-60 years	40-60 years
Machinery and Equipment	50-20 years	5-20 years
Vehicles	2-20 years	3-12 years
Infrastructure	20-60 years	20-50 years

The City has chosen to use the modified approach allowed by GASB Statement No. 34, to report their streets. Therefore, depreciation is not calculated for the streets, but they are evaluated each year to determine their values.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 101, "Accounting for Compensated Absences".

The City records a liability for sick leave, vacation, and compensatory time when the obligation is attributable to services previously rendered, to rights that vest or accumulate, and where payment of the obligation is more than likely to happen.

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Employees earn vacation time at varying rates depending on the duration of their employment. Employees with a minimum of one (1) year of service become vested in accumulated unpaid vacation time. Vacation leave is to be taken by the employee in the year accrued unless administrative approval has been obtained to carry-over the accumulated time to the following year. Ohio law requires that vacation time not be accumulated for more than three (3) years. Unused vacation time is payable upon termination of employment. It is deemed that each employee will remain with the City for at least one year, therefore, the City accrues a liability for each employee based on their unused vacation time.

Unused sick leave may be accumulated until retirement. Employees with a minimum of ten (10) years of service under Public Employee Retirement System (PERS) and fifteen (15) years under Ohio Police and Fire Pension Fund (OP&F) are entitled to payment for accumulated sick leave credit upon retirement. Payment may be made at twenty-five (25) percent, up to a maximum of thirty (30) days, of accrued sick leave credit. The City uses a termination method to accrue a liability based on average sick leave rates paid to retirees and years worked by current employees.

Employees are awarded compensatory time off in lieu of overtime pay when overtime hours are worked, except in certain departments where employees have the option of being compensated for overtime hours worked. Compensatory time off must be used within a specified period of time. Upon termination of employment or retirement, employees may be entitled to payment for unused compensatory time in those departments which provide for payment of overtime hours. The City accrues a liability for each employee with unused compensatory time.

The entire compensated absence liability is reported on the government-wide financial statements. In governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignation or retirement. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported on the fund financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability on the fund financial statements.

The compensated absences liability for the government-wide, governmental fund and propriety fund has utilized the first-in, first-out flows assumption basis.

***Pensions/Other Postemployment Benefits (OPEB)***

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

**Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

**Fund Balance**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

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

**Restricted** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the City Council – the City’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council, City Officials have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

**Net Position**

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes includes funds which are restricted by grant agreements.

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are parking garage fees and charges for services for water, sanitary sewer, and garbage collection services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

Interfund Transactions

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

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

Estimates

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

**NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

For the year ended December 31, 2024, the City has implemented GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. This statement enhances accounting and financial reporting requirements for accounting and error corrections to provide more understandable, reliable, relevant, consistent, and compatible information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the City.

For the year ended December 31, 2024, the District has implemented GASB Statement No. 101, Compensated Absences – an amendment of GASB Statement No. 16. This statement establishes classification criteria in paragraphs 2 through 7 for standards of governmental accounting and financial reporting for compensated absences.

Adjustments to and Restatements of Beginning Balances

During 2024, the implementation of GASB 101 resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	Governmental Activities	Business -Type Activities	Water	Sewer	Garbage	Internal Service
Balance as Previously Reported at December 31, 2023	\$119,254,241	\$36,433,376	\$12,574,568	\$20,100,537	\$467,598	\$192,818
Implementation of GASB 101	<u>(1,019,016)</u>	<u>(345,086)</u>	<u>(170,172)</u>	<u>(161,636)</u>	<u>(13,278)</u>	<u>(9,711)</u>
Balance as restated at December 31, 2023	<u>\$118,235,225</u>	<u>\$36,088,290</u>	<u>\$12,404,396</u>	<u>\$19,938,901</u>	<u>\$454,320</u>	<u>\$183,107</u>



**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 5 - RECONCILIATION OF BUDGET BASIS TO GAAP BASIS**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund and the major special revenue funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified accrual GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
- (d) Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
- (e) Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund and major special revenue funds.

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources/Uses Net Changes in Fund Balance			
Description	General	Street	Recreation	Appalachia Community Grant
Budget Basis	(\$202,606)	(\$1,563,471)	\$168,285	(\$688,561)
<i>Adjustments:</i>				
Revenue Accruals	(102,424)	(34,591)	(48,988)	688,586
Expenditure Accruals	(321,504)	(41,086)	(8,213)	(185,995)
Encumbrances	658,657	1,765,549	46,575	185,970
<i>GAAP Basis</i>	\$32,123	\$126,401	\$157,659	\$0

**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the two-year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Interim monies may be deposited or invested in the following securities:

1. Obligations of the United States including U.S. treasury securities and government agency securities guaranteed by the United States.
2. United States government agency securities and the securities issued by instrumentalities of the U.S. including, but not limited to, obligations of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Farm Credit Bank, the Federal Home Loan Bank, the Government National Mortgage Association (GNMA), and the Small Business Administration (SBA).
3. State Treasury Asset Reserve of Ohio (STAR Ohio).
4. Obligations of the State of Ohio and obligations of political subdivisions of the State of Ohio.
5. Deposits of any Ohio financial institution subject to collateralization of public funds defined by the Ohio Revised Code.
6. Bankers Acceptances and Deposits of the top fifty banks in the United States based upon asset size or Ohio based financial institutions with at least \$2 billion in total assets.
7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poors Corporation or A-1 by Moody's rating service.
8. Obligations of corporate entities having debt rating of Aa or better by Standard & Poors Corporation or Moody's rating service.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;



**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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 treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *"Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements"*, and GASB Statement No. 40, *"Deposit and Investment Risk Disclosure."*

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the City.

At December 31, 2024, the carrying amount of all City deposits was \$39,947,241. Based on the criteria described in GASB Statement No. 40, *"Deposit and Investment Risk Disclosures"*, as of December 31, 2024, \$38,731,613 of the City's bank balance of \$39,981,613 was exposed to custodial risk as discussed above while \$1,250,000 was covered by Federal Deposit Insurance. The \$38,731,613 exposed to custodial risk was collateralized with securities held by the City or its agency in the City's name.

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

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

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS (Continued)**

Three of the City’s four financial institutions are enrolled in the OPCS; however, at December 31, 2024, the financial institutions still maintained their own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

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

Investment Type	Measurement Value	Investments Maturities		
		Less than One Year	One to Three Years	Three to Five Years
Federal Farm Credit Bank Notes	\$302,923	\$302,923	\$0	\$0
Federal Home Loan Bank	1,298,860	605,300	443,877	249,683
U.S. Treasury Notes	2,770,869	259,066	500,450	2,011,353
Commercial Paper	1,042,095	1,042,095	0	0
Negotiable CD's	1,098,375	1,098,375	0	0
STAROhio	1,657,564	1,657,564	0	0
Money Market	11,370	11,370	0	0
<b>Totals</b>	<b>\$8,182,056</b>	<b>\$4,976,693</b>	<b>\$944,327</b>	<b>\$2,261,036</b>

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City’s policy limits investment portfolio maturities to five years or less.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy limits its investments to those authorized by State statute. Standard and Poor’s has assigned a rating of “AAAm” to STAR Ohio and a rating of AA+ to the Federal agency securities, and U.S. Treasury Notes. Credit ratings FDIC Commercial Paper are not readily available. Nonnegotiable CD’s are covered by FDIC. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Custodial Credit Risk** – For investments, custodial credit risk is the risk that, in event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The City’s policy provides that investments be held in the City’s name. All of the City’s investments are held in the City’s name.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s policy minimizes concentration of credit risk by diversifying assets by issuer as necessary. The City’s investments in Federal Farm Credit Bank Notes, Federal Home Loan Bank, U.S. Treasury Notes, Commercial Paper, Negotiable CDs, STAR Ohio and Money Market were 4%, 16%, 34%, 13%, 13%, 20%, and less than 1%, respectively, of the City’s total investments.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS (Continued)**

The City has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2024. As discussed further in Note 2, STAR Ohio is reported at its amortized cost. FFCB and FHLB are Level 2 inputs and all of the City's other investments are Level 1 inputs.

**NOTE 7 - PROPERTY TAXES**

Property taxes, include amounts levied against all real and public utility property located in the City. Real property taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes are collected in and intended to finance the year following the year in which they are levied.

Public utility property taxes are assessed on land and improvements at true value (normally 50 percent of cost).

The assessed value upon which the 2024 taxes were collected was \$493,630,760. The full tax rate for all City operations that was applied to real property for the year ended December 31, 2024 was \$2.60 per \$1,000 of assessed valuation for City residents in Athens Township, and \$2.40 per \$1,000 of assessed valuation for City residents in Canaan Township. Real property owners' tax bills are reduced for inflationary increases in property values and when applicable, are further reduced by homestead and rollback deductions. The amount of these homestead and rollback reductions is reimbursed to the City by the State of Ohio.

<i>Real Property:</i>	
Residential/Agricultural	\$268,791,310
Commercial/Industrial	198,131,480
	<hr/>
	466,922,790
 <i>Personal Property:</i>	
Public Utilities	26,707,970
	<hr/>
Total Assessed Valuation	<u>\$493,630,760</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due May 19; if paid semi-annually, the first payment is due May 19 with the remainder payable by August 25. Under certain circumstances, state statute permits earlier or later payment dates to be established.

Personal property taxes paid by multi-county taxpayers are due October 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due June 23; if paid semi-annually, the first payment is due June 23, with the remainder payable by October 20.

Accrued property taxes receivable represents delinquent taxes outstanding and real and public utility taxes which were measurable as of December 31, 2024. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not intended to finance 2024 operations. The receivable is therefore offset by a credit to deferred inflows of resources.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 8 - INCOME TAX REVENUE**

The City levies a tax of 1.85 percent on all salaries, wages, commissions, other compensation and net profits earned within the City, as well as, on incomes of residents earned outside the City. In the latter case, the City allows a credit of 1.25 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee’s compensation and remit the tax to the City as follows:

1. In quarterly payments to be made on or before the last day of the month following each calendar quarter of the year, if the amount to be deducted and withheld during the quarter will not exceed \$200 a month or \$2,400 a year.
2. In monthly payments to be made on or before the 15<sup>th</sup> day of the month following each month of each year, if the amount to be deducted and withheld during the month exceeds \$200 a month or \$2,400 a year.

In 2024, the income tax generated a total of \$17,151,874 in income tax revenue.

**NOTE 9 - INTERFUND ACTIVITY**

A summary of interfund receivables and interfund payables for 2024 were as follows:

	Interfund Receivables	Interfund Payables
General	\$100,000	\$0
Parking Garage	0	100,000
Totals	\$100,000	\$100,000

A summary of interfund transfers for 2024 were as follows:

Fund	Transfers In	Transfers Out
General	\$145,000	\$75,000
Street	294,500	0
Parking Garage	0	80,000
<i>Nonmajor Governmental Funds:</i>		
Capital Improvement	0	63,000
TIF Municipal Improvements	0	294,500
Cemetery	76,254	0
Transportation Assistance	63,000	0
DUI Court Grant	0	65,000
Expendable Trust	0	1,254
Total Nonmajor Funds	139,254	423,754
Totals	\$578,754	\$578,754

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 10 - INTERGOVERNMENTAL RECEIVABLE**

Receivables at December 31, 2024 consisted of property taxes, income taxes, accounts (billings for user charged services), special assessments, interest and intergovernmental grants. All receivables are considered fully collectible.

A summary of the principal items of intergovernmental receivable follows:

Governmental Activities	
<i>General Fund:</i>	
Local Government Distributions	\$440,629
<i>Street Fund:</i>	
Street Maintenance Distributions	245,283
Nonmajor Special Revenue Funds	69,655
<b>Total Intergovernmental Receivables</b>	<b>\$755,567</b>

**NOTE 11 – DEFERRED INFLOWS/DEFERRED OUTFLOWS OF RESOURCES**

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources of are reported on the government-wide Statement of Net Position and include pension and OPEB expense, and asset retirement obligations. A deferral for pension results from changes in Net Pension Liability and Net OPEB liability/Asset not recognized as a component of current year pension expense. This amount is deferred and amortized over various periods as instructed by the pension plan administrators. Deferred outflows of resources related to pensions and OPEB are explained further in Notes 14 and 15.

A summary of deferred outflows of resources reported in the Statements of Net Position follows:

	Governmental Activities	Business-Type Activities	Water	Sewer
<i>Deferred Outflows of Resources:</i>				
Pension Expense	\$7,064,160	\$1,157,848	\$571,253	\$586,595
OPEB Expense	860,408	106,894	52,958	53,936
Asset Retirement Obligations	0	4,982,943	0	4,982,943
<b>Total Deferred Outflows of Resources</b>	<b>\$7,924,568</b>	<b>\$6,247,685</b>	<b>\$624,211</b>	<b>\$5,623,474</b>

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
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**NOTE 11 – DEFERRED INFLOWS/DEFERRED OUTFLOWS OF RESOURCES (Continued)**

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenues and pension/OPEB. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance year 2025 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, franchise taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Additionally, deferred inflows related to pensions/OPEB are reported in the government-wide Statement of Net Position. Deferred inflows related to pensions/OPEB result from changes in Net Pension Liability and Net OPEB liability/Asset not recognized as a component of current year pension expense. Deferred inflows of resources related to pension are explained further in Notes 14 and 15.

A summary of deferred inflows of resources reported in the Statement of Net Position follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Water</b>	<b>Sewer</b>
<i>Deferred Inflows of Resources:</i>				
Nonexchange Revenue	\$1,228,107	\$0	\$0	\$0
Pensions	1,575,788	64,293	39,521	24,772
OPEB	1,254,856	68,720	33,771	34,949
<b>Total Deferred Inflows of Resources</b>	<b>\$4,058,751</b>	<b>\$133,013</b>	<b>\$73,292</b>	<b>\$59,721</b>

On the modified accrual basis of accounting, the City has recorded certain receivables where the related revenue is unavailable. Unavailable revenue has been reported as deferred inflow of resources on the governmental fund Balance Sheet as follows:

	<b>Governmental Funds</b>		
	<b>General</b>	<b>Street</b>	<b>Other</b>
Property Taxes	\$1,228,107	\$0	\$0
Special Assessments	3,723	0	0
Intergovernmental	205,996	162,044	83,175
<b>Total Deferred Inflows of Resources</b>	<b>\$1,437,826</b>	<b>\$162,044</b>	<b>\$83,175</b>

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 12- CAPITAL ASSETS**

The following is a summary of changes in the capital assets of the governmental activities during the fiscal year:

	Balance January 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2024
<hr/>				
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$3,251,876	\$0	\$0	\$3,251,876
Infrastructure	78,345,136	1,513,226	0	79,858,362
Construction in Progress	9,065,457	9,524,593	(534,594)	18,055,456
Total Nondepreciable Capital Assets	<u>90,662,469</u>	<u>11,037,819</u>	<u>(534,594)</u>	<u>101,165,694</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	10,086,382	232,208	0	10,318,590
Buildings	23,370,971	0	0	23,370,971
Machinery, Equipment and Vehicles	10,118,500	528,722	(37,125)	10,610,097
Infrastructure	20,792,529	0	0	20,792,529
Total Depreciable Capital Assets	<u>64,368,382</u>	<u>760,930</u>	<u>(37,125)</u>	<u>65,092,187</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,265,817)	(222,005)	0	(1,487,822)
Buildings	(9,832,687)	(545,742)	0	(10,378,429)
Machinery, Equipment and Vehicles	(8,596,285)	(621,205)	37,125	(9,180,365)
Infrastructure	(6,296,608)	(222,892)	0	(6,519,500)
Total Accumulated Depreciation	<u>(25,991,397)</u>	<u>(1,611,844)</u>	<u>37,125</u>	<u>(27,566,116)</u>
Total Depreciable Capital Assets, Net	<u>38,376,985</u>	<u>(850,914)</u>	<u>0</u>	<u>37,526,071</u>
Governmental Activities Capital Assets, Net	<u>\$129,039,454</u>	<u>\$10,186,905</u>	<u>(\$534,594)</u>	<u>\$138,691,765</u>

For governmental activities, depreciation expense was charged to functions as follows:

<u>Governmental Activities</u>	
General Government	\$280,284
<i>Security of Persons and Property:</i>	
Police	117,790
Fire	102,775
Leisure Time Activities	461,868
Transportation	<u>649,127</u>
Total Governmental Activities Depreciation Expense	<u>\$1,611,844</u>

**CITY OF ATHENS, OHIO**  
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*For the Year Ended December 31, 2024*

**NOTE 12- CAPITAL ASSETS (Continued)**

The following is a summary of changes in the capital assets of the business-type activities for the fiscal year:

	Balance January 1, 2024	Additions/ Transfers	Deletions/ Transfers	Balance December 31, 2024
<i>Nondepreciable Capital Assets:</i>				
Land	\$463,489	\$0	\$0	\$463,489
Construction in Progress	8,593,070	3,461,187	0	12,054,257
Total Nondepreciable Capital Assets	<u>9,056,559</u>	<u>3,461,187</u>	<u>0</u>	<u>12,517,746</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	125,306	0	0	125,306
Buildings	38,369,627	0	0	38,369,627
Machinery, Equipment and Vehicles	3,200,201	201,132	0	3,401,333
Infrastructure	32,933,910	0	0	32,933,910
Total Depreciable Capital Assets	<u>74,629,044</u>	<u>201,132</u>	<u>0</u>	<u>74,830,176</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(30,446)	(2,919)	0	(33,365)
Buildings	(11,280,899)	(702,977)	0	(11,983,876)
Machinery, Equipment and Vehicles	(2,548,615)	(276,172)	0	(2,824,787)
Infrastructure	(19,783,411)	(578,563)	0	(20,361,974)
Total Accumulated Depreciation	<u>(33,643,371)</u>	<u>(1,560,631)</u>	<u>0</u>	<u>(35,204,002)</u>
Total Depreciable Capital Assets, Net	<u>40,985,673</u>	<u>(1,359,499)</u>	<u>0</u>	<u>39,626,174</u>
Business-Type Activities Capital Assets, Net	<u>\$50,042,232</u>	<u>\$2,101,688</u>	<u>\$0</u>	<u>\$52,143,920</u>

The business-type activities of the City are the parking garage, water, sewer and garbage operations.



**CITY OF ATHENS, OHIO**  
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**NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2024 was as follows:

Description	Maturity Date	Interest Rate	Restated Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024	Amounts Due Within One Year
<b><u>Governmental Activities:</u></b>							
<i>General Obligation Bonds Payable:</i>							
Swimming Pool Imp Bonds	2035	2.00%	\$5,560,000	\$0	\$315,000	\$5,245,000	\$340,000
Fire Station Bonds Issued 2022	2042	4.00% - 5.00%	9,000,000	0	310,000	8,690,000	325,000
Fire Station Bonds Issued 2023	2042	4.00% - 5.00%	4,000,000	0	210,000	3,790,000	135,000
Premium on Bonds Issued			1,236,064	0	84,152	1,151,912	84,152
<i>Other Long-Term Obligations:</i>							
OPWC Loan - Stimson Avenue			370,000	0	20,000	350,000	20,000
SIB Loan - Stimson Avenue			3,745,047	0	185,472	3,559,575	191,079
Compensated Absences			2,203,275	249,998	0	2,453,273	633,011
<i>Net Pension Liability:</i>							
OPERS			10,449,112	0	1,460,842	8,988,270	0
OP&F			14,173,237	0	313,978	13,859,259	0
Total Net Pension Liability			<u>24,622,349</u>	<u>0</u>	<u>1,774,820</u>	<u>22,847,529</u>	<u>0</u>
<i>Net OPEB Liability:</i>							
OPERS			217,306	0	217,306	0	0
OP&F			1,062,312	0	14,939	1,047,373	0
Total Net OPEB Liability			<u>1,279,618</u>	<u>0</u>	<u>232,245</u>	<u>1,047,373</u>	<u>0</u>
Governmental Activities Long-Term Obligations			<u>\$52,016,353</u>	<u>\$249,998</u>	<u>\$3,131,689</u>	<u>\$49,134,662</u>	<u>\$1,728,242</u>

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

Purpose/Description	Maturity Date	Interest Rate	Restated Balance January 1, 2024	Additions	Deletions	Balance December 31, 2024	Amounts Due Within One Year
<b><u>Business-Type Activities</u></b>							
<i>OWDA Loans Payable:</i>							
Loan No. 5259 Original Issue Date - 2009 Original Issue Amount - \$480,000	2030	0.00%	\$168,000	\$0	\$24,000	\$144,000	\$24,000
Loan No. 6270 Original Issue Date - 2012 Original Issue Amount - \$777,271	2033	2.63%	439,121	0	38,931	400,190	39,962
Loan No. 6426 Original Issue Date - 2013 Original Issue Amount - \$17,474,264	2035	1.82%	11,233,250	0	845,566	10,387,684	861,127
Loan No. 7856 Original Issue Date - 2017 Original Issue Amount - \$10,873,616	2040	1.81%	4,562,430	0	239,593	4,322,837	243,949
Loan No. 8925 Original Issue Date - 2020 Original Issue Amount - \$1,156,604	2027	0.00%	521,670	0	231,321	290,349	231,321
Loan No. 9084 Original Issue Date - 2020 Original Issue Amount - \$3,052,786	2052	0.00%	2,934,525		101,759	2,832,766	101,760
Loan No. 10228 Original Issue Date - 2023 Original Issue Amount - \$2,372,733	2055	0.00%	2,372,733	1,841,862	0	4,214,595	0
Loan No. 10700 Original Issue Date - 2024 Original Issue Amount - \$54,319		0.00%	0	54,319	54,319	0	0
<i>Other Long-term Obligations:</i>							
Parking Garage Renovation Bonds	2029	2.32%	895,000	0	140,000	755,000	145,000
Compensated Absences			743,230	81,749	0	824,979	278,037
Asset Retirement Obligation			7,540,000	0	0	7,540,000	0
<i>Net Pension Liability - OPERS:</i>							
Water			2,088,943	0	325,748	1,763,195	0
Sewer			2,121,193	0	296,374	1,824,819	0
Total Net Pension Liability - OPERS			4,210,136	0	622,122	3,588,014	0
<i>Net OPEB Liability - OPERS:</i>							
Water			43,443	0	102,461	0	0
Sewer			44,114	0	105,195	0	0
Total Net OPEB Liability - OPERS			87,557	0	207,656	0	0
Business-Type Activities Long-Term Obligations			\$35,707,652	\$1,977,930	\$2,505,267	\$35,300,414	\$1,925,156

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 13 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

The City's long-term debt requirements, excluding compensated absences as of December 31, 2024, are as follows:

For the Year Ending December 31	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Payments		Payments	
	Principal	Interest	Principal	Interest
2025	\$1,011,079	\$854,019	\$1,647,119	\$290,078
2026	1,061,854	812,184	1,496,062	265,477
2027	1,122,802	766,844	1,463,669	240,479
2028	1,178,933	719,814	1,490,704	214,960
2029	1,235,248	670,149	1,518,156	188,916
2030-2034	7,147,714	2,557,124	6,995,912	574,657
2035-2039	6,051,945	1,195,867	3,055,724	105,459
2040-2044	2,825,000	224,800	667,904	1,440
2045-2049	0	0	508,798	0
2050-2052	0	0	288,778	0
	<u>\$21,634,575</u>	<u>7,800,801</u>	<u>19,132,826</u>	<u>\$1,881,466</u>

The amortization table above does not agree to the principal reported in the debt table of page 51. The table does not include the OWDA loan #10228 which is not completed, therefore, a final amortization schedule has not been provided.

*Long-Term Bonds and Loans:* All long-term debt issued for governmental purposes of the City is retired through the Debt Service Fund. OWDA enterprise loans are retired through the respective Enterprise Funds. OWDA loans are secured by revenues generated from enterprise operations.

General obligations bonds are secured by 0.1 percent of the City's income tax. These bonds are also backed by the full faith and credit of the City.

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 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 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

<b>Statutory Maximum Contribution Rates</b>	State and Local	
	2024	2023
Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %
<b>Actual Contribution Rates</b>		
Employer:		
Pension	14.0 %	14.0 %
Post-employment Health Care Benefits	0.0 %	0.0 %
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$1,219,588 for year 2024. Of this amount, \$40,893 is reported as an accrued wages payable.

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

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

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

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

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,001,137 for 2024. Of this amount, \$48,200 is reported as an intergovernmental payable.

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

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

	OPERS	OP&F	Total
<i>Proportion of the Net Pension Liability:</i>			
Current Measurement Date	0.0480370%	0.1434501%	
Prior Measurement Date	0.0496250%	0.1492072%	
Change in Proportionate Share	-0.0015880%	-0.0057571%	
Proportionate Share of the Net Pension Liability	\$12,576,284	\$13,859,259	\$26,435,543
Pension Expense (Gain)	\$1,469,521	\$1,149,664	

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$205,549	\$444,921	\$650,470
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,538,431	1,570,546	4,108,977
Changes of Assumptions	0	875,890	875,890
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	100,187	265,758	365,945
Contributions Subsequent to the Measurement Date	<u>1,219,588</u>	<u>1,001,138</u>	<u>2,220,726</u>
<b>Total Deferred Outflows of Resources</b>	<u><u>\$4,063,755</u></u>	<u><u>\$4,158,253</u></u>	<u><u>\$8,222,008</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$0	\$154,999	\$154,999
Changes of Assumptions	0	210,468	210,468
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	<u>186,644</u>	<u>1,087,970</u>	<u>1,274,614</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>\$186,644</u></u>	<u><u>\$1,453,437</u></u>	<u><u>\$1,640,081</u></u>

\$2,220,726 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30:</u>	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2025	\$604,487	\$341,680	\$946,167
2026	794,615	505,052	1,299,667
2027	1,619,884	1,010,107	2,629,991
2028	(361,463)	(144,390)	(505,853)
2029	0	(8,771)	(8,771)
	<u><u>\$2,657,523</u></u>	<u><u>\$1,703,678</u></u>	<u><u>\$4,361,201</u></u>



**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

**Actuarial Assumptions - OPERS**

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023.

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation of 2.75 percent	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	2.3 percent, simple through 2024 then 2.05 percent, simple	3.0 percent, simple through 2023 then 2.05 percent, simple
Investment Rate of Return	6.90 percent	6.90 percent
Actuarial Cost Method	Individual Entry Age	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.

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

	1% Decrease	Current Discount Rate	1% Increase
City’s Proportionate Share of the Net Pension Liability	\$19,798,450	\$12,576,284	\$6,569,540

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2024 is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2023, are presented below:

January 1, 2024	January 1, 2023
January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023. Entry Age Normal 7.5 percent 3.75 percent to 10.5 percent 3.25 percent annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent 2.2 percent simple	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022. Entry Age Normal 7.5 percent 3.75 percent to 10.5 percent 3.25 percent annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent 2.2 percent simple

**Healthy Mortality**

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

**Disabled Mortality**

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

**Contingent Annuitant Mortality**

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

**Pre-Retirement Mortality**

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

The most recent experience study was completed as of December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2023 are summarized below:

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

Note: Assumptions are geometric

\*levered 2.5x

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net Pension Liability	\$18,357,621	\$13,859,259	\$10,118,434

**NOTE 15 – DEFINED BENEFIT OPEB PLANS**

***Net OPEB liability/Asset***

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

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

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

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

**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS’ ACFR referenced below for additional information.

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

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

***Funding Policy*** - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by Systems’ 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 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.



**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan was 0 percent and for those in the Combined Plan it was 2 percent during calendar year 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2024 was 4.0 percent.

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

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

***Plan Description*** – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

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

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

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

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

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

**CITY OF ATHENS, OHIO**  
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**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required OPEB contribution to OP&F was \$23,594 for 2024. Of this amount, \$0 is reported as an intergovernmental payable.

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

The net OPEB liability/Asset and total OPEB liability/Asset for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability/Asset was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability/Asset as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability/Asset was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
<i>Proportion of the Net OPEB Liability:</i>			
Current Measurement Date	0.046642%	0.1434501%	
Prior Measurement Date	0.048351%	0.1492072%	
Change in Proportionate Share	-0.001709%	-0.0057571%	
Proportionate Share of Net OPEB Asset	(\$420,956)	\$0	(\$420,956)
Proportionate Share of the Net OPEB Liability	\$0	\$1,047,373	\$1,047,373
OPEB Expense (Gain)	(\$60,446)	\$17,819	(\$42,627)

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



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**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

	OPERS	OP&F	Total
<b><u>Deferred Outflows of Resources</u></b>			
Differences between Expected and Actual Experience	\$0	\$50,365	\$50,365
Net Difference between Projected and Actual Earnings on Plan Investments	252,810	77,346	330,156
Changes of Assumptions	108,371	360,416	468,787
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	11,514	82,886	94,400
Contributions Subsequent to the Measurement Date	0	23,594	23,594
<b>Total Deferred Outflows of Resources</b>	<b>\$372,695</b>	<b>\$594,607</b>	<b>\$967,302</b>

	OPERS	OP&F	Total
<b><u>Deferred Inflows of Resources</u></b>			
Differences between Expected and Actual Experience	\$59,915	\$192,475	\$252,390
Changes of Assumptions	180,953	674,484	855,437
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	0	215,749	215,749
<b>Total Deferred Inflows of Resources</b>	<b>\$240,868</b>	<b>\$1,082,708</b>	<b>\$1,323,576</b>

\$23,594 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/Asset in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
<b><u>Fiscal Year Ending June 30:</u></b>			
2025	(\$2,994)	(\$40,355)	(\$43,349)
2026	23,397	(69,400)	(46,003)
2027	196,790	(52,852)	143,938
2028	(85,366)	(115,453)	(200,819)
2029	0	(103,345)	(103,345)
Thereafter	0	(130,290)	(130,290)
	<b>\$131,827</b>	<b>(\$511,695)</b>	<b>(\$379,868)</b>

**CITY OF ATHENS, OHIO**  
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**NOTE 15 – DEFINED BENEFIT OPEB PLANS (Continued)**

***Actuarial Assumptions – OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability/Asset was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation of 2.75 percent	2.75 to 10.75 percent including wage inflation of 2.75 percent
<i>Single Discount Rate:</i>		
Current Measurement Date	5.70 percent	5.22 percent
Prior Measurement Date	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	3.77 percent	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2038	5.5 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age	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.

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
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**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

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

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real 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
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	100.00 %	

**Discount Rate** A single discount rate of 5.70 percent was used to measure the OPEB liability/Asset on the measurement date of December 31, 2023, however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6 percent and a municipal bond rate of 3.77 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070. The duration of the projection period through which projected health care payments are fully funded.

**CITY OF ATHENS, OHIO**  
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**NOTE 15 – DEFINED BENEFIT OPEB PLANS (Continued)**

***Sensitivity of the City’s Proportionate Share of the Net OPEB liability/Asset to Changes in the Discount Rate***

The following table presents the City’s proportionate share of the net OPEB liability/Asset calculated using the single discount rate of 5.70 percent, as well as what the City’s proportionate share of the net OPEB liability/Asset would be if it were calculated using a discount rate that is one-percentage-point lower (4.70 percent) or one percentage-point higher (6.70 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$231,344	(\$420,956)	(\$961,292)

***Sensitivity of the City’s Proportionate Share of the Net OPEB liability/Asset to Changes in the Health Care Cost***

***Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/Asset. The following table presents the net OPEB liability/Asset calculated using the assumed trend rates, and the expected net OPEB liability/Asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability/(Asset)	(\$438,435)	(\$420,956)	(\$401,121)

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

***Actuarial Assumptions – OP&F***

OP&F’s total OPEB liability/Asset as of December 31, 2024, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability/Asset is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

**CITY OF ATHENS, OHIO**  
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**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

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

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

Valuation Date	January 1, 2023 with actuarial liabilities rolled forward to December 31, 2023	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.50 percent	7.50 percent
Payroll Growth	3.25 percent	3.25 percent
Salary Increases	3.75 percent to 10.50 percent	3.75 percent to 10.50 percent
Projected Depletion Year of OPEB Assets	2038	2036
Single Discount Rate:		
Current measurement date	4.07 percent	4.27 percent
Prior measurement date	4.27 percent	2.84 percent
Stipend Increase Rate	The stipend is not assured to increase over the projection period.	The stipend is not assured to increase over the projection period.
Cost of Living Adjusting	2.2 percent Simple per year	2.2 percent Simple per year
Municipal Bond Rate	3.65%	3.65%

**Healthy Mortality**

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. All rates are projected using the MP-2021 Improvement Scale.

**Disabled Mortality**

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

**Contingent Annuitant Mortality**

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. All rates are projected using the MP-2021 Improvement Scale.

**Pre-Retirement Mortality**

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

**CITY OF ATHENS, OHIO**  
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**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2023, are summarized below:

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

Note: Assumptions are geometric

\*levered 2.5x

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

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

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 15 –DEFINED BENEFIT OPEB PLANS (Continued)**

***Sensitivity of the City's Proportionate Share of the Net OPEB liability/Asset to Changes in the Discount Rate***

Net OPEB liability/Asset is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability/Asset calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability/Asset would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$1,290,074	\$1,047,373	\$842,972

**NOTE 16 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries and natural disasters. The City has addressed these various types of risk by participating in a risk-sharing pool and by purchasing comprehensive insurance through a commercial carrier.

General liability insurance is maintained in the amount of \$5,000,000 in the aggregate, which includes \$5,000,000 law enforcement professional liability, \$5,000,000 for public official errors and omissions liability, \$5,000,000 for automobile liability, and \$40,000 for uninsured and \$40,000 for underinsured motorist liability.

In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$161,525,002. Other property insurance includes the following: \$3,134,144 for contractor's equipment. Vehicle coverage is valued at \$9,690,738.

Insurance deductibles on any of the above coverage's do not exceed \$15,000. The City maintains comprehensive insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. Workers' compensation benefits are provided through the State Bureau of Workers' Compensation. The City pays all public officials' bonds by statute.

The City has not incurred any significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City participates in a medical self-insurance plan for employees who cover medical claims and prescription drugs. The medical portion is a limited risk health plan with a third-party administrator, Employee Benefits Services (EBS), Inc. that is part of the Medical Mutual of Ohio. The prescription drug coverage is administered by Appro-RX, with the employee paying a co-pay amount, then Appro-RX paying the balance and billing the City. All claims are paid by the third-party administrator under policies established by the City. The City pays an administrative fee to EBS to service the claims. All departmental funds contribute to the Medical Internal Service Fund based on fees legislatively set by Council to insure historical and anticipated claims coverage in relation to the number of employees paid from each departmental fund. The medical service fund is presented in the financial statements and reflects all fees paid into the fund and all claims and administrative costs paid out of the fund. The City also carries a specific excess coverage (stop-loss) policy for medical claims in excess of \$110,000 per person and \$3,796,854 in the aggregate. The specific and aggregate excess loss insurance is carried with United States Fire Insurance Company through the third-party administrator. The Managing General Underwriter is Certus Management Group.



**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

**NOTE 16 - RISK MANAGEMENT (Continued)**

The City maintains a liability for claims in the Medical Internal Service Fund that is based on actuarial forecasts developed by the third-party administrator.

Changes in the fund's claims liability in 2024 and 2023 were as follows:

Year	Beginning Year Balance	Current Year Claims	Claims Payments	Ending Year Balance
2023	\$111,023	\$4,951,465	\$4,675,695	\$386,793
2024	386,793	4,105,566	4,259,341	233,018

The City carries a separate coverage for life insurance with a private commercial carrier, CIGNA, for each employee. The amounts of coverage are \$25,000 for life insurance and \$25,000 for AD&D insurance for all employees.

**NOTE 17 – FUND BALANCES**

As of December 31, 2024 fund balances are composed of the following:

	General	Street	Recreation	Safety Services Police & Fire Capital	Appalachia Community Grant	All Other Governmental Funds	Total Governmental Funds
<b><u>Nonspendable:</u></b>							
Prepaid Items	\$61,569	\$282	\$5,159	\$0	\$0	\$0	\$67,010
Materials & Supplies	35,428	96,883	1,837	0	0	0	134,148
Unclaimed Monies	3,203	0	0	0	0	0	3,203
Total Nonspendable	100,200	97,165	6,996	0	0	0	204,361
<b><u>Restricted:</u></b>							
Transportation	0	4,639,083	0	0	0	486,397	5,125,480
Parks & Recreation	0	0	1,068,346	0	0	2,650,067	3,718,413
Capital Projects	0	0	0	2,895,700	0	5,284,178	8,179,878
Tourism	0	0	0	0	0	65,518	65,518
Cable Access	0	0	0	0	0	281,850	281,850
Court	0	0	0	0	0	222,816	222,816
Community Econ. Dev.	0	0	0	0	0	653,039	653,039
Police	0	0	0	0	0	1,246,882	1,246,882
Fire	0	0	0	0	0	632,700	632,700
Revolving Loan	0	0	0	0	0	101,372	101,372
Total Restricted	0	4,639,083	1,068,346	2,895,700	0	11,624,819	20,227,948
<b><u>Assigned:</u></b>							
Administration	3,811,971	0	0	0	0	0	3,811,971
Police	94,387	0	0	0	0	0	94,387
Fire	222,443	0	0	0	0	0	222,443
Community and Econ. Dev.	27,400	0	0	0	0	0	27,400
Transportation	47,750	0	0	0	0	0	47,750
	4,203,951	0	0	0	0	0	4,203,951
<i>Unassigned</i>	2,474,284	0	0	0	0	0	2,474,284
Total Fund Balances	6,778,435	4,736,248	1,075,342	2,895,700	0	11,624,819	27,110,544



**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 18 – ENCUMBRANCE COMMITMENTS**

At December 31, 2024, the City had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$658,657
Street	1,765,549
Recreation	46,575
Safety Services Police & Fire Capital	3,280,280
Appalachia Community Grant Fund	185,970
<u>Nonmajor Funds:</u>	
Cemetery	4,218
Tourism	633
Transportation Assistance	70,252
Cable Access	25,025
Judges Court Computer	236
Clerk Court Computer	1,488
Diversion Program	1,964
DUI Court Grant	1,641
Community Development Block Grant	2,122
Athens City Enhancement	222
Community Center	38,427
APR Income Tax	95,462
American Rescue Plan Act	1,070
Street Rehabilitation	1,588,187
Capital Improvements	144,340
Court Capital	18,850
<i>Total Nonmajor Funds</i>	1,994,137
<b>Total Encumbrances</b>	<b>\$7,931,168</b>

**NOTE 19 - CONTINGENCIES**

In addition, the City participates in several federal and state assisted grants and programs that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes that disallowed claims, if any, will not have a material adverse effect on the City's financial condition.

**Litigation**

The City is currently party to legal proceedings. However, it is the opinion of management that any results of such proceedings will not have a material adverse effect on the City's financial condition.

**CITY OF ATHENS, OHIO**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2024*

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**NOTE 20 – COMPONENT UNIT NOTES TO FINANCIAL STATEMENTS**

The Athens Community Improvement Corporation, Athens County, Ohio, (the Corporation) is a nonprofit organization exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Corporation was formed in 2022 to encourage and promote the industrial, economic, commercial and civic development of Athens County and the territory surrounding the City of Athens. Resources for the Corporation’s activities are primarily provided by contributions from local governments and businesses.

The Corporation’s functions are:

- 1) The Corporation facilitates real estate transactions for the County and City to encourage new business to locate in the community.

At a special meeting held on November 22, 2022, the board of directors of the Corporation voted to amend the “Code of Regulations” to significantly streamline and restructure its governing board of directors. The number of directors was established as not less than five or more than seven. The officers of the Corporation shall consist of a President, a Secretary, the Auditor who shall serve as Treasurer, and such other officers and assistant officers as the Board shall deem advisable. The Corporation is now doing business as the Athens County Community Improvement Corporation.

Capital assets and related accumulated depreciation at December 31, 2024 are as follows:

<u>Asset Category</u>	<u>Balance at December 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31, 2024</u>
<i>Nondepreciable Capital Assets:</i>				
Construction in Progress	\$0	\$1,393,646	\$0	\$1,393,646
Total Nondepreciable Capital Assets	<u>0</u>	<u>1,393,646</u>	<u>0</u>	<u>1,393,646</u>
<i>Depreciable Capital Assets:</i>				
Armory Building and Improvements	413,017	0	0	413,017
Total Depreciable Capital Assets	<u>413,017</u>	<u>0</u>	<u>0</u>	<u>413,017</u>
<i>Accumulated Depreciation:</i>				
Armory Building and Improvements	(222,793)	(10,326)		(233,119)
Total Accumulated Depreciation	<u>(222,793)</u>	<u>(10,326)</u>	<u>0</u>	<u>(233,119)</u>
Depreciable Capital Assets, Net	<u>190,224</u>	<u>(10,326)</u>	<u>0</u>	<u>179,898</u>
Capital Assets, Net	<u>\$190,224</u>	<u>\$1,383,320</u>	<u>\$0</u>	<u>\$1,573,544</u>

**City of Athens, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of Net Pension/OPEB Liability/Asset*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Ten Years*

	2023	2022	2021	2020
<b><u>Pension</u></b>				
City's Proportion of the Net Pension Liability	0.048037%	0.049625%	0.046169%	0.046997%
City's Proportionate Share of the Net Pension Liability	\$12,576,284	\$14,659,247	\$4,016,890	\$6,959,233
City Covered-Employee Payroll	\$7,894,107	\$7,059,143	\$6,959,400	\$6,782,443
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	159.31%	207.66%	57.72%	102.61%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%
<b><u>OPEB (1)</u></b>				
City's Proportion of the Net OPEB Liability	0.046642%	0.048351%	0.045027%	0.046343%
City's Proportionate Share of the Net OPEB Asset	\$0	\$0	\$1,410,315	\$825,638
City's Proportionate Share of the Net OPEB Liability	\$420,956	\$304,863	\$0	\$0
City Covered-Employee Payroll	\$7,894,107	\$7,059,143	\$6,959,400	\$6,782,443
City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	5.33%	4.32%	-20.26%	-12.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.76%	94.79%	128.23%	115.57%

(1) Information prior to 2016 is not available.

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

2019	2018	2017	2016	2015	2014
0.051981%	0.054788%	0.054791%	0.052494%	0.051797%	0.051579%
\$10,274,397	\$15,005,324	\$8,595,646	\$11,920,495	\$8,971,893	\$6,221,004
\$7,506,293	\$7,512,079	\$7,274,200	\$6,846,457	\$6,853,014	\$6,703,729
136.88%	199.75%	118.17%	174.11%	130.92%	92.80%
145.28%	84.66%	84.66%	77.25%	81.08%	86.45%
0.051900%	0.054166%	0.053920%	0.053920%	N/A	N/A
\$0	\$0	\$0	\$0	N/A	N/A
\$7,168,738	\$7,061,968	\$5,855,315	\$5,228,946	N/A	N/A
\$7,506,293	\$7,512,079	\$7,274,200	\$6,846,457	N/A	N/A
95.50%	94.01%	80.49%	76.37%	N/A	N/A
47.80%	54.14%	54.14%	54.05%	N/A	N/A

**City of Athens, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	2023	2022	2021	2020
<i><u>OP&amp;F - Police</u></i>				
City's Proportion of the Net Pension Liability	0.0646279%	0.0671783%	0.0742476%	0.0731461%
City's Proportionate Share of the Net Pension Liability	\$6,243,947	\$6,381,287	\$4,638,561	\$4,986,435
City Covered-Employee Payroll	\$2,046,533	\$2,261,046	\$2,184,128	\$1,987,236
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	305.10%	282.23%	212.38%	250.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%
<i><u>OP&amp;F - Fire</u></i>				
City's Proportion of the Net Pension Liability	0.0788222%	0.0820289%	0.0780903%	0.0779488%
City's Proportionate Share of the Net Pension Liability	\$7,615,312	\$7,791,950	\$4,878,630	\$5,313,840
City Covered-Employee Payroll	\$2,052,363	\$1,943,400	\$1,862,671	\$1,746,308
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	371.05%	400.94%	261.92%	304.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%

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

2019	2018	2017	2016	2015	2014
0.0893449%	0.077907%	0.076096%	0.077991%	0.07617%	0.0831822%
\$6,018,750	\$6,359,270	\$4,670,378	\$4,939,846	\$4,900,089	\$4,309,185
\$2,376,026	\$1,962,851	\$1,851,051	\$1,874,851	\$1,767,995	\$1,826,733
253.31%	323.98%	252.31%	263.48%	277.16%	235.90%
69.89%	70.91%	70.91%	68.36%	66.77%	72.20%
0.083618%	0.086655%	0.088967%	0.087379%	0.085776%	0.0868143%
\$5,632,955	\$7,073,338	\$5,460,316	\$5,534,497	\$5,518,003	\$4,497,343
\$1,790,413	\$1,772,975	\$1,749,063	\$1,705,783	\$1,587,533	\$1,558,988
314.62%	398.95%	312.19%	324.45%	347.58%	288.48%
69.89%	70.91%	70.91%	68.36%	66.77%	72.20%

**City of Athens, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of Net OPEB Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Eight Years (1)*

	2023	2022	2021	2020
<i><u>OP&amp;F - Police</u></i>				
City's Proportion of the Net OPEB Liability	0.0646279%	0.0671783%	0.0742476%	0.0731461%
City's Proportionate Share of the Net OPEB Liability	\$471,868	\$478,290	\$813,818	\$774,995
City Covered-Employee Payroll	\$2,046,533	\$2,261,046	\$2,184,128	\$1,987,236
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	23.06%	21.15%	37.26%	39.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.9%	52.6%	46.9%	45.4%
<i><u>OP&amp;F - Fire</u></i>				
City's Proportion of the Net OPEB Liability	0.0788222%	0.0820289%	0.0780903%	0.0779488%
City's Proportionate Share of the Net OPEB Liability	\$575,505	\$584,022	\$855,937	\$825,880
City Covered-Employee Payroll	\$2,052,363	\$1,943,400	\$1,862,671	\$1,746,308
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	28.04%	30.05%	45.95%	47.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.9%	52.6%	46.9%	45.4%

(1) Information prior to 2016 is not available.

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

2019	2018	2017	2016
0.0893449%	0.077907%	0.076096%	0.077991%
\$882,525	\$709,463	\$4,311,510	\$3,702,057
\$2,376,026	\$1,962,851	\$1,851,051	\$1,874,851
37.14%	36.14%	232.92%	197.46%
47.1%	14.13%	14.13%	15.96%
0.083618%	0.086655%	0.088967%	0.087379%
\$825,956	\$789,127	\$5,040,757	\$4,147,685
\$1,790,413	\$1,772,975	\$1,749,063	\$1,705,783
46.13%	44.51%	288.20%	243.15%
47.1%	14.13%	14.13%	15.96%



**City of Athens, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Ten Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>Pension</u></b>				
Contractually Required Contribution	\$1,219,588	\$1,105,175	\$988,280	\$974,316
Contributions in Relation to the Contractually Required Contribution	<u>(1,219,588)</u>	<u>(1,105,175)</u>	<u>(988,280)</u>	<u>(974,316)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$8,711,343	\$7,894,107	\$7,059,143	\$6,959,400
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
<b><u>OPEB</u></b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$8,711,343	\$7,894,107	\$7,059,143	\$6,959,400
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$949,542	\$1,050,881	\$1,051,691	\$945,646	\$958,504	\$959,422
<u>(949,542)</u>	<u>(1,050,881)</u>	<u>(1,051,691)</u>	<u>(945,646)</u>	<u>(958,504)</u>	<u>(959,422)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,782,443	\$7,506,293	\$7,512,079	\$7,274,200	\$6,846,457	\$6,853,014
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
\$0	\$0	\$0	\$72,742	\$136,929	\$137,060
<u>0</u>	<u>0</u>	<u>0</u>	<u>(72,742)</u>	<u>(136,929)</u>	<u>(137,060)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,782,443	\$7,506,293	\$7,512,079	\$7,274,200	\$6,846,457	\$6,853,014
0.00%	0.00%	0.00%	1.00%	2.00%	2.00%

**City of Athens, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions - Pension*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i><u>OP&amp;F - Police</u></i>				
Contractually Required Contribution	\$455,217	\$388,841	\$429,599	\$414,984
Contributions in Relation to the Contractually Required Contribution	<u>(455,217)</u>	<u>(388,841)</u>	<u>(429,599)</u>	<u>(414,984)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$2,395,877	\$2,046,533	\$2,261,046	\$2,184,128
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	19.00%	19.00%
<i><u>OP&amp;F - Fire</u></i>				
Contractually Required Contribution	\$545,921	\$482,305	\$456,699	\$437,728
Contributions in Relation to the Contractually Required Contribution	<u>(545,921)</u>	<u>(482,305)</u>	<u>(456,699)</u>	<u>(437,728)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$2,323,067	\$2,052,363	\$1,943,400	\$1,862,671
Contributions as a Percentage of Covered-Employee Payroll	23.50%	23.50%	23.50%	23.50%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$377,575	\$451,445	\$372,942	\$351,700	\$365,596	\$335,919
<u>(377,575)</u>	<u>(451,445)</u>	<u>(372,942)</u>	<u>(351,700)</u>	<u>(365,596)</u>	<u>(335,919)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,987,236	\$2,376,026	\$1,962,851	\$1,851,051	\$1,874,851	\$1,767,995
19.00%	19.00%	19.00%	19.00%	19.50%	19.00%
\$410,382	\$420,747	\$416,649	\$411,030	\$409,388	\$373,070
<u>(410,382)</u>	<u>(420,747)</u>	<u>(416,649)</u>	<u>(411,030)</u>	<u>(409,388)</u>	<u>(373,070)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,746,308	\$1,790,413	\$1,772,975	\$1,749,063	\$1,705,783	\$1,587,533
23.50%	23.50%	23.50%	23.50%	24.00%	23.50%

**City of Athens, Ohio**  
*Required Supplementary Information*  
*Schedule of City Contributions - OPEB*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i><u>OP&amp;F - Police</u></i>				
Contractually Required Contribution	\$11,979	\$10,233	\$11,305	\$10,921
Contributions in Relation to the Contractually Required Contribution	<u>(11,979)</u>	<u>(10,233)</u>	<u>(11,305)</u>	<u>(10,921)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$2,395,877	\$2,046,533	\$2,261,046	\$2,184,128
Contributions as a Percentage of Covered-Employee Payroll	0.50%	0.50%	0.50%	0.50%
<i><u>OP&amp;F - Fire</u></i>				
Contractually Required Contribution	\$11,615	\$10,262	\$9,717	\$9,313
Contributions in Relation to the Contractually Required Contribution	<u>(11,615)</u>	<u>(10,262)</u>	<u>(9,717)</u>	<u>(9,313)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered-Employee Payroll	\$2,323,067	\$2,052,363	\$1,943,400	\$1,862,671
Contributions as a Percentage of Covered-Employee Payroll	0.50%	0.50%	0.50%	0.50%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$9,936	\$11,880	\$9,814	\$9,255	\$9,374	\$8,840
<u>(9,936)</u>	<u>(11,880)</u>	<u>(9,814)</u>	<u>(9,255)</u>	<u>(9,374)</u>	<u>(8,840)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,987,236	\$2,376,026	\$1,962,851	\$1,851,051	\$1,874,851	\$1,767,995
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
\$8,732	\$8,952	\$8,865	\$8,745	\$8,529	\$7,938
<u>(8,732)</u>	<u>(8,952)</u>	<u>(8,865)</u>	<u>(8,745)</u>	<u>(8,529)</u>	<u>(7,938)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,746,308	\$1,790,413	\$1,772,975	\$1,749,063	\$1,705,783	\$1,587,533
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

**CITY OF ATHENS, OHIO**  
*Notes to the Supplementary Information*  
*For the Fiscal Year Ended December 31, 2024*

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**NOTE 1 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (TRADITIONAL PLAN)**

**Pension**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2024.

*Changes in Assumptions:*

2024: The COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees reduced for 3.0% to 2.3%.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25% - 10.75% to 2.75% to 10.75%

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25% - 10.02% to 3.25% - 10.75%

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

**Other Postemployment Benefits**

*Changes in benefit terms:* For 2021-2024, there were no changes in benefit terms.

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

For 2018-2019, there were no changes in benefit terms.

**CITY OF ATHENS, OHIO**  
*Notes to the Supplementary Information*  
*For the Fiscal Year Ended December 31, 2024*

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**NOTE 1 – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (TRADITIONAL PLAN) - Continued**

*Changes in assumptions:*

For 2024, the single discount rate changed from 5.22% to 5.70% and the municipal bond rate changed from 4.05% to 3.77%.

For 2023, the municipal bond rate changed from 3.25% to 2.75% and the health care cost trend rate initial amount changed from 1.84% to 4.05%.

For 2022, the municipal bond rate changed from 2.06% to 1.84% and the health care cost trend rate initial amount changed from 8.50% to 5.5%.

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

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.5% to 8.5%.

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

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.0% to 10.5%.

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

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.5% to 6%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.5% to 10%.

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

**NOTE 2 – OHIO POLICE AND FIRE PENSION FUND**

**Pension**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2014-2024.

*Changes in Assumptions:*

2023-2024: There were no changes in methods and assumptions used in the calculations of actuarial determined contributions.

2022: The only change in assumption was a reduction in actuarial assured rate of return from 8.00% to 7.50%.

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



**CITY OF ATHENS, OHIO**  
*Notes to the Supplementary Information*  
*For the Fiscal Year Ended December 31, 2024*

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**NOTE 2 - OHIO POLICE AND FIRE PENSION FUND - Continued**

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% - 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

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

**Other Postemployment Benefits**

*Changes in benefit terms:*

For 2020-2024, there were no changes in benefit terms.

For 2019, See below regarding change to stipend-based model.

For 2018, there were no changes in benefit terms.

*Changes in assumptions:*

For 2024, the single discount rate changed from 4.27% to 4.07% and the projected depletion year of OPEB assets changed from 2036 to 2038.

For 2023, the single discount rate changed from 2.84% to 4.27% and the projected depletion year of OPEB assets changed from 2037 to 2036.

For 2022, the single discount rate changed from 2.96% to 2.84% and the investment rate of return changed from 8.00% to 7.50%.

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

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

For 2019: Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020, the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%. The single discount rate increased from 3.24% to 4.66% and the municipal bond rate increased from 3.16% to 4.13%.

For 2018, the single discount rate changed from 3.79% to 3.24%.

**CITY OF ATHENS, OHIO**  
 Required Supplementary Information  
 Modified Approach for Infrastructure Assets  
 December 31, 2024

	Rating	2024		2023		2022		2021		2020	
		Value	%	Value	%	Value	%	Value	%	Value	%
Acceptable	9 - 10	\$32,490,197	53.41%	\$30,007,022	50.59%	\$26,150,997	45.65%	\$24,303,692	43.35%	\$22,784,098	41.26%
Moderately Deficient	7 - 8	17,836,045	29.32%	18,177,804	30.64%	18,473,994	32.25%	18,473,994	32.95%	18,473,994	33.45%
Marginally Deficient	5 - 6	9,030,047	14.84%	9,618,464	16.21%	11,141,167	19.45%	11,751,885	20.96%	12,424,063	22.50%
Substantially Deficient	3 - 4	1,476,352	2.43%	1,516,125	2.56%	1,516,125	2.65%	1,540,347	2.75%	1,540,347	2.79%
Severely Deficient	1 - 2	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>		<b>\$60,832,641</b>	<b>100.00%</b>	<b>\$59,319,415</b>	<b>100.00%</b>	<b>\$57,282,283</b>	<b>100.00%</b>	<b>\$56,069,918</b>	<b>100.00%</b>	<b>\$55,222,502</b>	<b>100.00%</b>

The condition of the City's streets is determined using its Pavement Condition Rating Program. (PCRP). The street condition rating, which is a weighted average of an assessment of the ability of individual components to function structurally, uses a numerical condition scale ranging from 1 (Severely Deficient) to 10 (new). It is the City's policy to keep the value of streets with a condition rating of 1.0 to 2.0 below 5 percent. All streets are inspected every year. The City updated their policy during 2011, to better relate to the City's current ability to perform maintenance and construction work on streets considering the present constraints on the City's financial and work force resources, and the improvement upon the street rating program. The previous years' amounts have been adjusted to the current policy to provide a better comparison in the above table.

**Comparison of Budgeted Expenditures vs. Actual Expenditures**

Year	Budgeted		Actual		Difference
	Expenditure	Expenditure	Expenditure	Expenditure	
2024	\$5,270,650	\$3,633,594	\$3,633,594	\$1,637,056	
2023	2,611,430	857,815	857,815	1,753,615	
2022	2,947,788	2,510,219	2,510,219	437,569	
2021	6,473,327	5,852,014	5,852,014	621,313	
2020	2,309,208	1,864,797	1,864,797	444,411	

CITY OF ATHENS, OHIO  
ATHENS COUNTY, OHIO

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through Ohio Development Services Agency</i>				
CDBG Allocation: West Washington Street Safety Improvements	14.228	A-F-18-2AE-1		16,486
Total U.S. Department of Housing and Urban Development				<b>16,486</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Passed Through Ohio Department of Public Safety</i>				
Violence Against Women Formula Grants	16.588	2023-WF-VA5-8414		48,563
				48,563
Bullet Proof Vest Partnership Program	16.607	n/a		8,584
Total U.S. Department of Justice				<b>57,147</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction Program	20.205	PID #108672		2,976,963
Total U.S. Department of Transportation				<b>2,976,963</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed Through Ohio Department of Emergency Management</i>				
Assistance to Firefighters Grant	97.044	EMW-2023-FG-04-153		106,955
Total U.S. Department of Homeland Security				<b>106,955</b>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Direct Award</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a		769,363
<i>Passed Through Ohio Department of Development</i>				
COVID-19 - Appalachia Community Grant	21.027	GOA-F23-ACDG-196912	6,923,446	6,923,446
			6,923,446	7,692,808
Total U.S. Department of Treasury			<b>6,923,446</b>	<b>7,692,808</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$6,923,446</b>	<b>\$10,850,359</b>

*The accompanying notes are an integral part of this schedule.*

**CITY OF ATHENS  
ATHENS COUNTY, OHIO**

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

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The City of Athens has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The City of Athens passes certain federal awards received from The Ohio Department of Development to other governments or not-for-profit agencies (subrecipients). As Note B describes the City of Athens reports expenditures of Federal awards to subrecipients when paid in cash.

**NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE**

The current cash balance on the City of Athens local program income account as of 2024 is \$578,920.

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

To the City Council  
City of Athens, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Athens, Ohio ("the City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2025.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 and questioned costs as items number 2024-001 and 2024-002 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

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

## **City's Response to Findings**

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

## **Purpose of this Report**

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

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio  
June 27, 2025

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

To the City Council  
City of Athens, Ohio:

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

#### ***Opinion on Each Major Federal Program***

We have audited City of Athens, Ohio (the "City"), compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

#### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material

noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.



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

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

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

*Clark, Schaefer, Hackett & Co.*

Columbus, Ohio

June 27, 2025

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued :	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	yes
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

**Federal Awards**

Internal Control over major program:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	yes
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	yes
Identification of major programs:	
<i>ALN 21.027 – COVID-19 Coronavirus State and Local Fiscal Recovery Funds</i>	
<i>ALN 20.205 – Highway Planning and Construction</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	no

## Section II – Financial Statement Findings

### 2024-001 Financial Reporting

During the course of our audit, we identified misstatements in the financial statements that were not initially identified by the City's internal control over financial reporting. A deficiency in internal control exists when the design of 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. In this case, the internal controls over the preparation and review of the City's financial statements did not operate as designed. The City contracts with a third-party consultant to prepare its year-end financial statements and while the City relies on the third-party consultant, City management is ultimately responsible for internal control over financial reporting.

The following audit adjustments and changes were necessary:

- Entry to properly record unearned revenue.
- Entry to properly record net investment in capital assets.
- Disclosure and format changes to properly implement GASB Statement 100, Accounting Changes and Error Corrections.

We recommend the City enhance its internal controls over financial reporting with steps such as management's review of conversion documentation for completeness and accuracy and improved communication with third-party consultants to ensure the preparation of complete, accurate and reliable financial statements in conformity with generally accepted accounting principles.

***Views of Responsible Officials:*** Management of the City agrees with the audit adjustments and will implement stronger controls over the GAAP financials in the future.

### 2024-002 Cyber Security Controls

Prior to the audit, the City made us aware of a Business Email Compromise (BEC) cyber event that affected the City. While making payments to a contractor for the construction of the fire station, a third-party injected themselves with a spoofed email to begin the change of payment method from the City to the contractor. The City made the payment to the third-party without taking the necessary steps to verify this change per sound cyber security controls outlined in Auditor of State Bulletin 2024-003.

We recommend the City enhance its internal controls over verification of vendor payment information changes as well as implementation of training around these types of attacks.

***Views of Responsible Officials:*** The City acknowledges the audit finding and shares the concern regarding the expense in question. Upon internal review, it has been determined that the City was the victim of a bad actor whose actions were not representative of the City's standards of conduct or financial oversight.

*Once concerns were identified, the City took immediate steps to assess the situation and evaluate internal controls to prevent similar incidents from occurring in the future. We respectfully request that the circumstances surrounding this incident, including the City's status as an unknowing victim of misconduct, be taken into account as part of the overall evaluation of this finding.*

### **Section III – Federal Award Findings and Questioned Costs**

#### **2024-003 Subrecipient Monitoring – Significant Deficiency**

*ALN 21.027 - Appalachia Community Grant*

*U.S. Department of Treasury – Passed Through Ohio Department of Development*

*Criteria:* 2 CFR 200.332 establishes requirements for pass-through entities. Included in these requirements is to monitor the activities of a subrecipient as necessary to ensure that the subrecipient complies with Federal statutes, regulations, and the terms and conditions of the subaward.

*Condition:* The City did have procedures in place to monitor allowable costs and activities of its subrecipients. However, while conducting a review of expenditures through the monitoring of the Appalachia Community Grant (ACG), the Ohio Department of Development (ODOD), noted that a subrecipient of the City had made unallowable expenditures for the grant. This demonstrates a control weakness in the subrecipient monitoring controls conducted by the City.

*Context:* The City, ODOD, and the subrecipient are working on a way to recover any questioned costs associated with this and these do not represent questioned costs of the City.

*Effect:* There is a significant deficiency in the subrecipient monitoring controls of the City that could allow future unallowable costs or activities at subrecipients, if not improved.

*Recommendation:* We recommend that the City implement stronger monitoring controls including vendor verification and review of invoices for the draw down requests that they receive from their subrecipients.

***Views of Responsible Officials:*** *Regarding the expense in question, we would like to note that the Ohio Department of Development (ODOD) reviewed and approved the expenditure as part of the grant administration process. At the time of review, the expense met the criteria for approval as defined under the applicable program guidelines.*

*It is also important to acknowledge that the individual who originally submitted and was responsible for the documentation of this expense has since passed away. Consequently, we were unable to conduct any follow-up inquiries or obtain additional clarification from the individual to further substantiate the details or authenticity of the submission.*

*Given these circumstances, we respectfully request that this context be taken into consideration in the evaluation of this finding.*

# Athens City Auditor's Office

8 East Washington Street  
Athens, OH 45701-2496  
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**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR § 200.511(c)**  
**December 31, 2024**

<b>Finding Number</b>	<b>Status</b>	<b>Explanation</b>
2023-001	Not Corrected	Reissued as finding 2024-001

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## CORRECTIVE ACTION PLAN

December 31, 2024

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2024-001	Will work with our GAAP converter to ensure the financial statements are accurate	7-31-25	Liana Woods
2024-002	The City of Athens hosted cyber security training and implemented a new process for verifying the legitimacy of ACH/EFT change requests from vendors.	Completed	Liana Woods
2024-003	The City of Athens has reviewed the findings of ODOD and has modified subrecipient monitoring procedures to detect these types of issues in the future.	Completed	Liana Woods

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF ATHENS**

**ATHENS 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 12/23/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)