



**CITY OF FREMONT
SANDUSKY COUNTY
DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

City of Fremont
Sandusky County
323 South Front Street
Fremont, Ohio 43420-3037

To the City Council:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Sandusky County, Ohio as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 (CFR) 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 auditing standards generally accepted in the United States of America. In our opinion, the identified accompanying supplementary information 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 September 18, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

KEITH FABER
Ohio Auditor of State



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

September 18, 2025

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**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

The management's discussion and analysis of the City of Fremont's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- The total net position of the City increased \$5,057,593 or 4.70% from 2023's restated net position. Net position of governmental activities increased \$3,978,071 or 14.44% from 2023's restated net position and net position of business-type activities increased \$1,079,522 or 1.35% from 2023's restated net position.
- General revenues accounted for \$16,122,571 or 68.26% of total governmental activities revenue. Program specific revenues accounted for \$7,495,324 or 31.74% of total governmental activities revenue.
- The City had \$19,639,824 in expenses related to governmental activities; \$7,495,324 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$16,122,571 were adequate to support the remaining expenses.
- The General fund had revenues and other financing sources of \$18,193,969 in 2024. This represents an increase of \$1,308,187 or 7.75% from 2023. The expenditures and other financing uses of the General fund, which totaled \$17,602,064 in 2024, decreased \$1,913,809 or 9.81% from 2023. The net increase in fund balance for the General fund was \$591,905 or 9.81%.
- The capital improvement fund had revenues and other financing sources of \$3,871,199 in 2024. The expenditures were \$2,008,664 in 2024. The net increase in fund balance for the Capital Improvement fund was \$1,862,535 or 109.60%.
- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2024 by \$1,079,522. Charges for services and capital grants and contributions were sufficient to cover the expenses in the water and sewer funds, leading to the increase in net position.
- In the General fund, actual revenues and other financing sources were \$633,995 higher than the final budget revenues and other financing sources, and actual expenditures and other financing uses were \$2,637,181 less than the final budget expenditures and other financing uses. Budgeted expenditures and other financing uses increased \$620,500 from the original budget to the final budget, primarily due to an increase in budgeted general government, security of persons and property, and leisure time activity expenditures.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in that position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements, parks and recreation and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water and sewer operations are reported here.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

Governmental Funds

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and non-major funds. The City's major governmental funds are the General fund and the Capital Improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer management functions. All of the City's enterprise funds are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Fiduciary Funds

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 statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type.

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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General fund budgetary schedule, net pension liability/net pension asset, and net OPEB asset/net OPEB liability.

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**CITY OF FREMONT
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2024 and December 31, 2023. The net position as of December 31, 2023, was restated as described in Note 3.

	Governmental Activities		Business-Type Activities		Total	
	2024	Restated 2023	2024	Restated 2023	2024	Restated 2023
<u>Assets</u>						
Current assets	\$ 19,431,208	\$ 16,346,155	\$ 21,249,965	\$ 23,978,080	\$ 40,681,173	\$ 40,324,235
Capital assets, net	34,363,073	33,885,871	136,394,556	136,647,728	170,757,629	170,533,599
Total assets	53,794,281	50,232,026	157,644,521	160,625,808	211,438,802	210,857,834
<u>Deferred outflows of resources</u>						
Pension	5,942,785	7,587,855	1,708,715	2,642,002	7,651,500	10,229,857
OPEB	755,787	1,185,296	161,520	393,864	917,307	1,579,160
Total deferred outflows of resources	6,698,572	8,773,151	1,870,235	3,035,866	8,568,807	11,809,017
<u>Liabilities</u>						
Current liabilities	863,208	2,078,498	862,842	1,043,727	1,726,050	3,122,225
Long-term liabilities:						
Due within one year	497,101	371,341	3,814,810	4,125,374	4,311,911	4,496,715
Net pension liability	20,083,327	20,825,041	5,473,205	6,343,688	25,556,532	27,168,729
Net OPEB liability	1,149,296	1,258,421	-	129,947	1,149,296	1,388,368
Other amounts	3,338,649	3,686,181	68,079,564	71,823,726	71,418,213	75,509,907
Total liabilities	25,931,581	28,219,482	78,230,421	83,466,462	104,162,002	111,685,944
<u>Deferred inflows of resources</u>						
Property taxes	1,161,141	1,026,438	-	-	1,161,141	1,026,438
Leases	65,930	70,008	-	-	65,930	70,008
Pension	714,073	901,905	141,400	192,778	855,473	1,094,683
OPEB	1,092,947	1,238,234	107,621	46,642	1,200,568	1,284,876
Total deferred inflows of resources	3,034,091	3,236,585	249,021	239,420	3,283,112	3,476,005
<u>Net Position</u>						
Net investment in capital assets	32,495,632	30,865,742	65,484,967	61,216,016	97,980,599	92,081,758
Restricted	3,489,500	3,317,734	236,807	31,274	3,726,307	3,349,008
Unrestricted (deficit)	(4,457,951)	(6,634,366)	15,313,540	18,708,502	10,855,589	12,074,136
Total net position	\$ 31,527,181	\$ 27,549,110	\$ 81,035,314	\$ 79,955,792	\$ 112,562,495	\$ 107,504,902

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.*" The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*" For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the 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 deferred outflows, the net pension asset, and the net OPEB asset related to pension and OPEB.

**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

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/asset* or *net OPEB liability/asset*. 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/asset and the net OPEB liability/asset 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/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$112,562,495. At year-end, net positions were \$31,527,181 and \$81,035,314 for the governmental activities and the business-type activities, respectively.

**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 80.76% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, infrastructure, intangible right to use assets, and construction in progress. The net investments in capital assets at December 31, 2024, were \$32,495,632 and \$65,484,967 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$3,726,307 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is a deficit of \$4,457,951. The business-type activities reported a positive unrestricted balance of \$15,313,540.

Assets of the governmental activities increased \$3,562,255 or 7.09% from 2023. Current assets of the governmental activities increased \$3,085,053 or 18.87% primarily in equity in pooled cash and investments due to an increase in the amount of cash the City intends to use for capital related projects.

Liabilities of the governmental activities decreased \$2,287,901 or 8.11% from 2023. Current liabilities of the governmental activities decreased \$1,215,290 primarily due to a decrease in contracts payable for expenses incurred, but not yet paid at year-end in relation to construction projects. Long-term obligations of the governmental activities decreased \$1,072,611 or 4.10% primarily due to a decrease in net pension liability.

Assets of the business-type activities decreased \$2,981,287 or 1.86% from 2023. Current assets of the business-type activities decreased \$2,728,115 or 11.38% primarily in cash and investments due to current year operations. The capital assets of the business-type activities decreased \$253,172 or 0.19%. This decrease was due depreciation/amortization expense of \$5,130,801 and net disposals of \$28,796 exceeding capital asset additions of \$4,906,425.

Liabilities of the business-type activities decreased \$5,236,041 or 6.27% from 2023. Current liabilities of the business-type activities decreased \$180,885 due to a decrease in contracts payable for expenses incurred, but not yet paid at year-end in relation to construction projects. Long-term obligations of the business-type activities decreased \$5,055,156 or 6.13% as the City paid principal payments on debt obligations and saw a decrease in net pension liability.

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**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

The table below shows the changes in net position for fiscal years 2024 and 2023. The net position as of December 31, 2023, was restated as described in Note 3.

	Change in Net Position					
	Governmental Activities 2024	Restated Governmental Activities 2023	Business-type Activities 2024	Restated Business-type Activities 2023	2024 Total	Restated 2023 Total
<u>Revenues</u>						
Program revenues:						
Charges for services and sales	\$ 1,436,451	\$ 1,401,830	\$ 18,348,033	\$ 17,316,763	\$ 19,784,484	\$ 18,718,593
Operating grants and contributions	2,032,323	1,537,454	-	-	2,032,323	1,537,454
Capital grants and contributions	4,026,550	3,248,318	1,000,000	-	5,026,550	3,248,318
Total program revenues	7,495,324	6,187,602	19,348,033	17,316,763	26,843,357	23,504,365
General revenues:						
Property taxes	1,026,258	898,437	-	-	1,026,258	898,437
Income taxes	12,426,713	11,636,382	-	-	12,426,713	11,636,382
Hotel/motel taxes	70,697	62,455	-	-	70,697	62,455
Unrestricted grants and entitlements	823,063	856,196	-	-	823,063	856,196
Investment earnings	1,166,045	1,636,637	26,973	3,582	1,193,018	1,640,219
Miscellaneous	609,795	448,268	11,942	51,773	621,737	500,041
Total general revenues	16,122,571	15,538,375	38,915	55,355	16,161,486	15,593,730
Total revenues	23,617,895	21,725,977	19,386,948	17,372,118	43,004,843	39,098,095
<u>Expenses</u>						
General government	3,669,264	3,727,770	-	-	3,669,264	3,727,770
Security of persons and property	9,170,487	9,497,173	-	-	9,170,487	9,497,173
Public health and welfare	7,701	9,380	-	-	7,701	9,380
Transportation	3,662,448	2,169,676	-	-	3,662,448	2,169,676
Community environment	366,217	374,058	-	-	366,217	374,058
Leisure time activity	2,413,184	1,937,490	-	-	2,413,184	1,937,490
Economic development	253,530	205,360	-	-	253,530	205,360
Interest	96,993	95,525	-	-	96,993	95,525
Water	-	-	7,892,758	8,764,156	7,892,758	8,764,156
Sewer	-	-	10,414,668	9,980,668	10,414,668	9,980,668
Total expenses	19,639,824	18,016,432	18,307,426	18,744,824	37,947,250	36,761,256
Change in net position	3,978,071	3,709,545	1,079,522	(1,372,706)	5,057,593	2,336,839
Net position at beginning of year, (restated)	27,549,110	N/A	79,955,792	N/A	107,504,902	N/A
Net position at end of year	<u>\$ 31,527,181</u>	<u>\$ 27,549,110</u>	<u>\$ 81,035,314</u>	<u>\$ 79,955,792</u>	<u>\$ 112,562,495</u>	<u>\$ 107,504,902</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$3,978,071 in 2024. The increase is due to an increase in income taxes and property taxes the City received.

Overall, expenses of the governmental activities increased \$1,623,392 or 9.01%. This increase is primarily the result of an increase in transportation expenses. Transportation expenses increased \$1,492,772. Transportation expenses accounted for \$3,662,448 of the total expenses of the City. Transportation expenses represent the cost of building and maintaining the City's streets. Transportation expenses increased due to increased road projects in 2024.

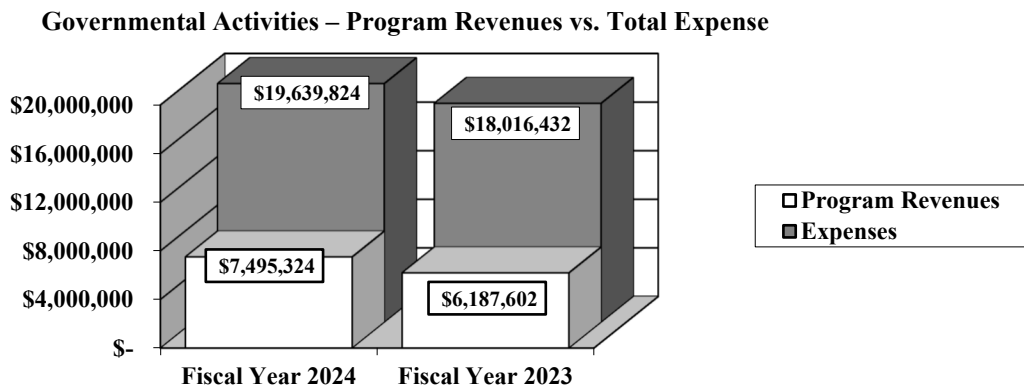
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$9,170,487 of the total expenses of the City. These expenses were partially funded by \$98,095 in direct charges to users of the services.

General government expenses totaled \$3,669,264. General government expenses were partially funded by \$619,248 in direct charges to users of the services.

The state and federal government contributed to the City a total of \$2,032,323 in operating grants and contributions and \$4,026,550 in capital grants and contributions. These revenues are restricted to a particular program or purpose. The total capital grants and contributions subsidized transportation programs. Of the total operating grants and contributions, \$1,185,904 subsidized transportation programs, \$149,111 subsidized community environment, and \$185,889 subsidized security of persons and property activities. Operating grants increased \$494,869 from the prior year.

General revenues totaled \$16,122,571 and amounted to 68.26% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$13,452,971. Another primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue, making up \$823,063. Investment earnings decreased \$470,592 from 2023 due to a decrease in the fair value of the City's investments. The City holds investments to maturity to reduce the risk in fluctuations of investments.

As can be seen in the graph below, program revenues support only a portion of the City's overall governmental activities expenses. The City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.



**CITY OF FREMONT
SANDUSKY COUNTY**

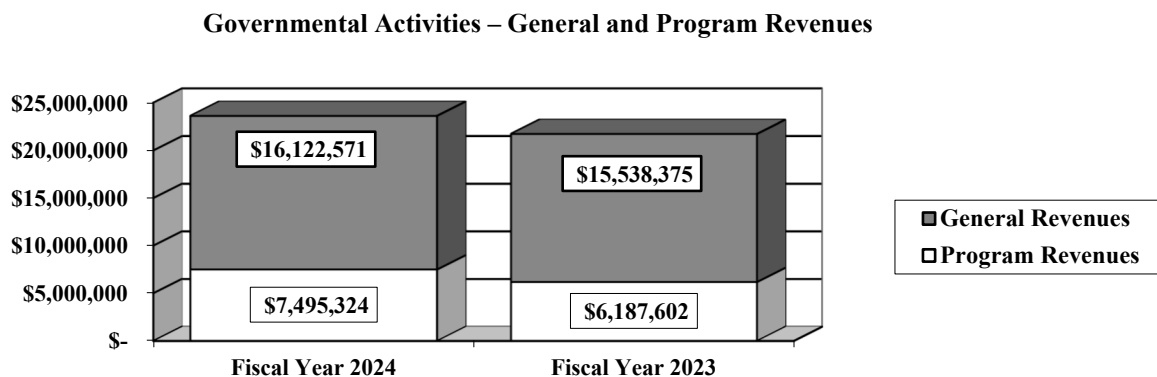
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
	2024	2024	2023	2023
Program Expenses:				
General government	\$ 3,669,264	\$ 2,905,604	\$ 3,727,770	\$ 3,017,217
Security of persons and property	9,170,487	8,886,503	9,497,173	9,381,673
Public health and welfare	7,701	7,701	9,380	9,380
Transportation	3,662,448	(1,551,006)	2,169,676	(2,237,807)
Community environment	366,217	174,539	374,058	194,660
Leisure time activity	2,413,184	1,382,991	1,937,490	1,174,631
Economic development	253,530	241,175	205,360	193,551
Interest and fiscal charges	96,993	96,993	95,525	95,525
Total	\$ 19,639,824	\$ 12,144,500	\$ 18,016,432	\$ 11,828,830

The dependence upon general revenues for governmental activities is apparent, with 61.84% of expenses supported through taxes and other general revenues.

The graph below shows a comparison of the City's general revenues compared to program revenues for the governmental activities.



Business-type Activities

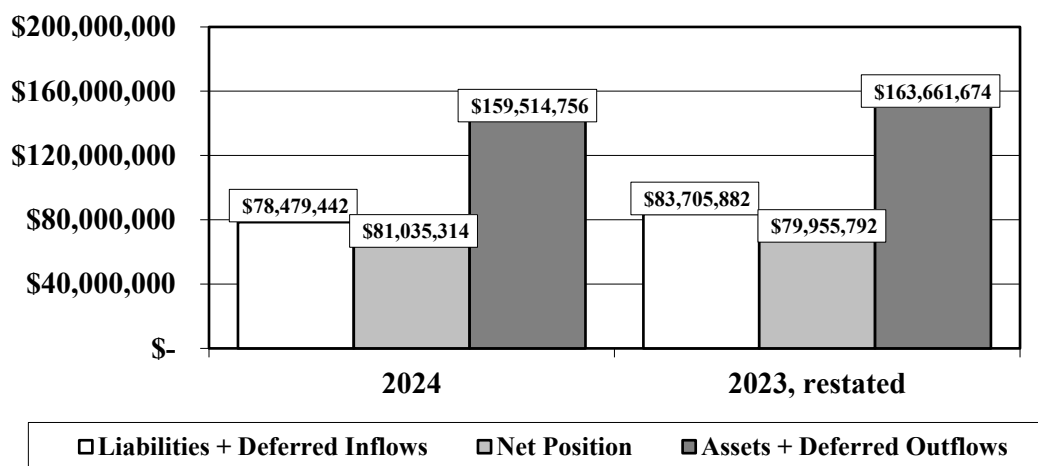
Business-type activities include the water and sewer enterprise funds. These programs had program revenues of \$19,348,033, general revenues of \$38,915 and, expenses of \$18,307,426 for 2024. The increase in program revenues can mainly be attributed to the increase in charges for services in the water and sewer funds and due to the City receiving more money from federal grants. The decrease in water and sewer expenses is primarily due to changes in the net pension/OPEB liability/asset.

**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

The graph below illustrates the City's business-type assets, liabilities, deferred outflows, deferred inflows, and net position at December 31, 2024 and December 31, 2023. The net position as of December 31, 2023 was restated as described in Note 3.

Net Position in Business-Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$15,206,123 which is \$3,752,445 higher than last year's total of \$11,453,678. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2024 for all major and nonmajor governmental funds.

	Fund Balances 12/31/24	Fund Balances 12/31/23	Change
Major funds:			
General	\$ 6,624,960	\$ 6,033,055	\$ 591,905
Capital Improvement	3,561,885	1,699,350	1,862,535
Other nonmajor governmental funds	5,019,278	3,721,273	1,298,005
Total	<u>\$ 15,206,123</u>	<u>\$ 11,453,678</u>	<u>\$ 3,752,445</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

General Fund

The City's General fund balance increased \$591,905. The table below compares 2024 versus 2023 revenues.

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
<u>Revenues</u>			
Taxes	\$ 13,374,489	\$ 12,445,265	7.47 %
Charges for services	79,321	73,445	8.00 %
Licenses and permits	8,902	17,095	(47.93) %
Fines and forfeitures	306,065	279,140	9.65 %
Intergovernmental	2,090,464	1,640,622	27.42 %
Investment income	1,199,468	1,612,559	(25.62) %
Other	1,134,272	805,909	40.74 %
Total	<u>\$ 18,192,981</u>	<u>\$ 16,874,035</u>	7.82 %

Tax revenue represents 73.51% of all General fund revenue. Income tax revenue increased in 2024 due to increased collections. Property taxes increased in 2024 due to increased collections as well. Investment income decreased as the fair value of investments decreased \$345,911 from the prior year. Other revenue increased primarily due to an increase in contributions and donations the City received.

The table that follows assists in illustrating the expenditures of the General fund.

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
<u>Expenditures</u>			
General government	\$ 3,673,168	\$ 3,600,000	2.03 %
Security of persons and property	8,114,748	8,295,474	(2.18) %
Public health and welfare	7,701	9,380	(17.90) %
Community environment	183,428	186,501	(1.65) %
Leisure time activity	1,942,338	3,428,749	(43.35) %
Economic development	242,246	189,684	27.71 %
Capital outlay	-	11,943	100.00 %
Debt service	3,613	4,920	(26.57) %
Total	<u>\$ 14,167,242</u>	<u>\$ 15,726,651</u>	(9.92) %

The most significant decrease in dollars in General fund expenditures was in leisure time activity. This line item decreased \$1,486,411 in 2024. This was primarily due to the City completing the amphitheater project and having less expenses related to construction projects. Economic development expenditures increased \$52,562. Security of persons and property decreased \$180,726. All other expenditures remained comparable to the prior year or changed an insignificant amount.

Capital Improvement Fund

The Capital Improvement fund had revenues and other financing sources of \$3,871,199 in 2024. The expenditures were \$2,008,664 in 2024. The net increase in fund balance for the Capital Improvement fund was \$1,862,535 or 109.60%.

**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Budgetary information is presented for the General fund. The original and final budgeted revenues and other financing sources were \$13,856,060 and \$13,856,060, respectively. Actual revenues and other financing sources of \$14,490,055 were more than final budgeted revenues and other financing sources by \$633,995. The significant change for the General fund was between the final budgeted expenditures and other financing uses and actual expenditures and other financing uses. Actual expenditures and other financing uses came in \$2,637,181 lower than the final budgeted amounts, primarily due to expenditures for general government operations, security of persons and property, and leisure time activity programs being less than budgeted. The final budgeted expenditures and other financing uses were increased \$620,500 from original expenditures and other financing uses of \$16,091,576.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

The City's business-type funds reported a combined net position of \$81,035,314, which is \$1,079,522 more than last year's restated total of \$79,955,792. This increase is primarily due to a decrease in the net pension liability and net OPEB liability.

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the City had \$170,757,629 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, machinery and equipment, infrastructure, intangible right to use assets, and construction in progress (CIP). Of this total, \$34,363,073 was reported in governmental activities and \$136,394,556 was reported in business-type activities. See Note 10 for further description of capital assets.

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**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

The following table shows 2024 balances compared to 2023:

**Capital Assets at December 31
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 865,955	\$ 865,955	\$ 977,680	\$ 977,680	\$ 1,843,635	\$ 1,843,635
Land improvements	2,350,408	2,236,184	35,787,842	36,867,524	38,138,250	39,103,708
Buildings and improvements	8,204,032	4,474,173	65,011,332	65,143,307	73,215,364	69,617,480
Machinery and equipment	5,107,941	5,075,368	8,493,802	9,041,562	13,601,743	14,116,930
Infrastructure	17,717,787	13,652,228	26,115,527	23,868,405	43,833,314	37,520,633
Intangible right to use:						
Leased equipment	22,944	12,237	8,373	10,950	31,317	23,187
Construction in progress	94,006	7,569,726	-	738,300	94,006	8,308,026
Totals	<u>\$ 34,363,073</u>	<u>\$ 33,885,871</u>	<u>\$ 136,394,556</u>	<u>\$ 136,647,728</u>	<u>\$ 170,757,629</u>	<u>\$ 170,533,599</u>

In governmental type activities, the City's largest capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 51.56% of the City's total governmental capital assets.

In business type activities, the largest capital assets category is buildings and improvements, which includes water and sewer plants. The net book value of the City's buildings and improvements represents approximately 47.66% of the City's total business-type capital assets.

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**CITY OF FREMONT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)**

Debt Administration

See Note 12 for further discussion of the City's long-term debt obligations. The City had the following long-term debt obligations outstanding at December 31, 2024 and 2023:

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ -	\$ 70,000
Financed purchase note payable	1,844,374	2,016,978
Lease payable	<u>23,067</u>	<u>12,318</u>
Total long-term obligations	<u>\$ 1,867,441</u>	<u>\$ 2,099,296</u>

	Business-type Activities	
	<u>2024</u>	<u>2023</u>
General obligation bonds	\$ -	\$ 475,000
Financed purchase note payable	2,160,632	2,361,654
OPWC loans	102,590	119,032
OWDA loans	68,637,894	71,962,174
Lease payable	<u>8,473</u>	<u>11,009</u>
Total long-term obligations	<u>\$ 70,909,589</u>	<u>\$ 74,928,869</u>

Economic Conditions and Outlook

The City of Fremont continues to experience community development in a variety of aspects. The city is actively marketing the H.P. Young Industrial Park to attract new manufacturers to the community. We have created a comprehensive booklet to mail to manufacturers throughout the State of Ohio and beyond. In addition, we are seeking developers interested in constructing a building without an end-user being established. Many of the inquiries from Regional Growth Partnership and Jobs Ohio are companies that wanted an existing building to occupy immediately. We have submitted more than 20 project inquiries in the last year and been down to the final three sites on at least two projects. Prior to the H.P. Young Industrial Park we have only one or two small industrial sites that rarely meet the demands. The city has also worked with landowners and the Sandusky County Land Reutilization Corporation to demolish several blighted commercial buildings to clear the path for new development. The Demolition & Site Revitalization Grant from the Ohio Department of Development has been instrumental in helping the city's revitalization efforts. In partnership with the Sandusky County Land Reutilization Corporation, we have demolished 36 blighted, vacant & abandoned properties in the past three years. The city also continues to prioritize housing. We saw another 25 homes built in the City of Fremont in 2024. We have seen approximately 150 homes built in the City of Fremont in the last four years. Lastly, we placed 19th in the country out of 550 communities for Site Selection Magazine's Top Micropolitan Award.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 about this report or need additional financial information contact: Mr. Paul Grahl, City Auditor, City of Fremont, 323 South Front Street, Fremont, Ohio 43420-3037.

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 12,033,566	\$ 17,856,091	\$ 29,889,657
Receivables (net of allowances for uncollectibles):			
Income taxes	3,099,393	-	3,099,393
Property and other local taxes	1,219,614	-	1,219,614
Accounts	153,590	2,280,063	2,433,653
Settlements	118,368	-	118,368
Loans	903,861	-	903,861
Accrued interest	122,427	-	122,427
Due from other governments	1,136,976	-	1,136,976
Materials and supplies inventory	256,979	733,178	990,157
Prepayments	106,535	50,296	156,831
Leases receivable	69,519	-	69,519
Internal balance	(560)	560	-
Net pension asset	48,580	54,538	103,118
Net OPEB asset	162,360	182,269	344,629
Restricted assets:			
Equity in pooled cash and investments	-	92,970	92,970
Capital assets:			
Nondepreciable capital assets	959,961	977,680	1,937,641
Depreciable capital assets, net	33,403,112	135,416,876	168,819,988
Total capital assets, net	<u>34,363,073</u>	<u>136,394,556</u>	<u>170,757,629</u>
Total assets	<u>53,794,281</u>	<u>157,644,521</u>	<u>211,438,802</u>
Deferred outflows of resources:			
Pension	5,942,785	1,708,715	7,651,500
OPEB	755,787	161,520	917,307
Total deferred outflows of resources	<u>6,698,572</u>	<u>1,870,235</u>	<u>8,568,807</u>
Liabilities:			
Accounts payable	217,503	512,248	729,751
Accrued wages and benefits	384,826	184,335	569,161
Pension and postemployment benefits payable	121,869	45,777	167,646
Due to claimants	115,549	-	115,549
Accrued interest payable	23,461	27,512	50,973
Payable from restricted assets:			
Refundable deposits	-	92,970	92,970
Long-term liabilities:			
Due within one year	497,101	3,814,810	4,311,911
Due in more than one year:			
Net pension liability	20,083,327	5,473,205	25,556,532
Net OPEB liability	1,149,296	-	1,149,296
Other amounts due in more than one year	3,338,649	68,079,564	71,418,213
Total liabilities	<u>25,931,581</u>	<u>78,230,421</u>	<u>104,162,002</u>
Deferred inflows of resources:			
Property taxes levied for the next year	1,161,141	-	1,161,141
Leases	65,930	-	65,930
Pension	714,073	141,400	855,473
OPEB	1,092,947	107,621	1,200,568
Total deferred inflows of resources	<u>3,034,091</u>	<u>249,021</u>	<u>3,283,112</u>
Net position:			
Net investment in capital assets	32,495,632	65,484,967	97,980,599
Restricted for:			
Capital projects	17,852	-	17,852
Transportation projects	974,293	-	974,293
Court projects	627,608	-	627,608
Revolving loans	384,296	-	384,296
R.L. Walsh Trust	728,682	-	728,682
Pension and OPEB	210,940	236,807	447,747
Other purposes	545,829	-	545,829
Unrestricted (deficit)	<u>(4,457,951)</u>	<u>15,313,540</u>	<u>10,855,589</u>
Total net position	<u>\$ 31,527,181</u>	<u>\$ 81,035,314</u>	<u>\$ 112,562,495</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Program Revenues Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 3,669,264	\$ 619,248	\$ 144,412
Security of persons and property	9,170,487	98,095	185,889
Public health and welfare	7,701	-	-
Transportation	3,662,448	1,000	1,185,904
Community environment	366,217	42,567	149,111
Leisure time activity	2,413,184	675,541	354,652
Economic development	253,530	-	12,355
Interest and fiscal charges	96,993	-	-
Total governmental activities	<u>19,639,824</u>	<u>1,436,451</u>	<u>2,032,323</u>
Business-type activities:			
Water	7,892,758	8,865,448	-
Sewer	10,414,668	9,482,585	-
Total business-type activities	<u>18,307,426</u>	<u>18,348,033</u>	<u>-</u>
Total primary government	<u><u>\$ 37,947,250</u></u>	<u><u>\$ 19,784,484</u></u>	<u><u>\$ 2,032,323</u></u>
General revenues:			
Income taxes levied for:			
General purposes			
Property taxes levied for:			
General purposes			
Hotel/motel taxes			
Grants and entitlements not restricted to specific prog			
Investment earnings			
Increase in fair value of investments			
Miscellaneous			
Total general revenues			
Change in net position			
Net position at beginning of year,			
as previously reported			
Restatement - change in accounting principle			
Net position at beginning of year, restated			
Net position at end of year			

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ -	\$ (2,905,604)	\$ -	\$ (2,905,604)
-	(8,886,503)	-	(8,886,503)
-	(7,701)	-	(7,701)
4,026,550	1,551,006	-	1,551,006
-	(174,539)	-	(174,539)
-	(1,382,991)	-	(1,382,991)
-	(241,175)	-	(241,175)
-	(96,993)	-	(96,993)
4,026,550	(12,144,500)	-	(12,144,500)
-	-	972,690	972,690
1,000,000	-	67,917	67,917
1,000,000	-	1,040,607	1,040,607
<u>\$ 5,026,550</u>	<u>(12,144,500)</u>	<u>1,040,607</u>	<u>(11,103,893)</u>
rams	12,426,713	-	12,426,713
	1,026,258	-	1,026,258
	70,697	-	70,697
	823,063	-	823,063
	742,969	26,973	769,942
	423,076	-	423,076
	609,795	11,942	621,737
	16,122,571	38,915	16,161,486
	3,978,071	1,079,522	5,057,593
	28,759,257	80,539,534	109,298,791
	(1,210,147)	(583,742)	(1,793,889)
	27,549,110	79,955,792	107,504,902
	<u>\$ 31,527,181</u>	<u>\$ 81,035,314</u>	<u>\$ 112,562,495</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 4,066,235	\$ 3,309,682	\$ 4,631,791	\$ 12,007,708
Receivables (net of allowance for uncollectibles):				
Income taxes	3,099,393	-	-	3,099,393
Property and other local taxes	1,219,614	-	-	1,219,614
Accounts	150,345	-	3,245	153,590
Settlements	-	-	118,368	118,368
Accrued interest	122,427	-	-	122,427
Loans	882,042	-	21,819	903,861
Due from other governments	335,922	265,000	536,054	1,136,976
Materials and supplies inventory	-	-	256,979	256,979
Prepayments	92,451	-	13,268	105,719
Leases receivable	69,519	-	-	69,519
Total assets	<u>\$ 10,037,948</u>	<u>\$ 3,574,682</u>	<u>\$ 5,581,524</u>	<u>\$ 19,194,154</u>
Liabilities:				
Accounts payable	\$ 179,400	\$ 12,797	\$ 23,697	\$ 215,894
Accrued wages and benefits payable	333,096	-	48,398	381,494
Pension and postemployment benefits payable	109,202	-	11,882	121,084
Due to claimants	115,549	-	-	115,549
Total liabilities	<u>737,247</u>	<u>12,797</u>	<u>83,977</u>	<u>834,021</u>
Deferred inflows of resources:				
Property taxes levied for the next year	1,161,141	-	-	1,161,141
Delinquent property tax revenue not available	58,473	-	-	58,473
Accrued interest not available	57,257	-	-	57,257
Leases	65,930	-	-	65,930
Settlement revenue not available	-	-	118,368	118,368
Income tax revenue not available	1,145,153	-	-	1,145,153
Intergovernmental revenue not available	187,787	-	359,901	547,688
Total deferred inflows of resources	<u>2,675,741</u>	<u>-</u>	<u>478,269</u>	<u>3,154,010</u>
Fund balances:				
Nonspendable	92,451	-	270,247	362,698
Restricted	-	-	3,296,980	3,296,980
Committed	3,689,560	3,561,885	1,194,400	8,445,845
Assigned	2,842,949	-	257,651	3,100,600
Total fund balances	<u>6,624,960</u>	<u>3,561,885</u>	<u>5,019,278</u>	<u>15,206,123</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,037,948</u>	<u>\$ 3,574,682</u>	<u>\$ 5,581,524</u>	<u>\$ 19,194,154</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024

Total governmental fund balances		\$ 15,206,123
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,363,073
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$ 1,145,153	
Delinquent property taxes receivable	58,473	
Settlement receivable	118,368	
Due from other governments	547,688	
Accrued interest receivable	57,257	
Total		1,926,939
An internal service fund is used by management to charge the costs of internal equipment service to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		(38,889)
When consolidating the internal service fund, the portion of the operating income or loss allocated to business-type activities is eliminated from the governmental activities and is reported as a component of internal balance.		(560)
In the statement of net position interest is accrued on outstanding bonds, whereas in governmental funds, interest is reported when due.		(23,461)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds (excludes internal service fund balances).		
Net pension asset	47,678	
Deferred outflows of resources - pension	5,914,540	
Deferred inflows of resources - pension	(711,869)	
Net pension liability	(19,992,786)	
Total		(14,742,437)
The net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds (excludes internal service fund balances).		
Net OPEB asset	159,345	
Deferred outflows of resources - OPEB	753,154	
Deferred inflows of resources - OPEB	(1,091,192)	
Net OPEB liability	(1,149,296)	
Total		(1,327,989)
Long-term liabilities, including bonds payable and lease purchase obligations, are not due and payable in the current period and therefore are not reported in the funds. The long-term liabilities are as follows:		
Lease payable	(23,067)	
Lease purchase obligation	(1,844,374)	
Compensated absences	(1,968,177)	
Total		(3,835,618)
Net position of governmental activities		\$ 31,527,181

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income taxes	\$ 12,283,672	\$ -	\$ -	\$ 12,283,672
Property and other local taxes	1,090,817	-	-	1,090,817
Charges for services	79,321	-	632,827	712,148
Licenses, permits and fees	8,902	-	-	8,902
Fines, forfeitures, and settlements	306,065	-	219,406	525,471
Intergovernmental	2,090,464	2,366,119	1,842,215	6,298,798
Investment income	776,392	-	31,757	808,149
Contributions and donations	334,547	-	5,330	339,877
Increase in fair value of investments	423,076	-	-	423,076
Other	799,725	5,080	67,299	872,104
Total revenues	18,192,981	2,371,199	2,798,834	23,363,014
Expenditures:				
Current:				
General government	3,673,168	-	180,189	3,853,357
Security of persons and property	8,114,748	-	249,525	8,364,273
Public health and welfare	7,701	-	-	7,701
Transportation	-	-	1,060,798	1,060,798
Community environment	183,428	-	184,377	367,805
Leisure time activity	1,942,338	-	1,027,932	2,970,270
Economic development and assistance	242,246	-	5,000	247,246
Capital outlay	-	2,008,664	398,937	2,407,601
Debt service:				
Principal retirement	3,463	-	243,299	246,762
Interest and fiscal charges	150	-	99,513	99,663
Total expenditures	14,167,242	2,008,664	3,449,570	19,625,476
Excess (deficiency) of revenues over (under) expenditures	4,025,739	362,535	(650,736)	3,737,538
Other financing sources (uses):				
Lease transaction	-	-	14,907	14,907
Transfers in	988	1,500,000	1,934,822	3,435,810
Transfers out	(3,434,822)	-	(988)	(3,435,810)
Total other financing sources (uses)	(3,433,834)	1,500,000	1,948,741	14,907
Net change in fund balances	591,905	1,862,535	1,298,005	3,752,445
Fund balances at beginning of year	6,033,055	1,699,350	3,721,273	11,453,678
Fund balances at end of year	<u>\$ 6,624,960</u>	<u>\$ 3,561,885</u>	<u>\$ 5,019,278</u>	<u>\$ 15,206,123</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

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	\$ 3,752,445
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Government 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/amortization expense.	
Capital asset additions	\$ 2,783,130
Current year depreciation/amortization	(2,243,025)
Total	540,105
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(62,903)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Delinquent property tax revenue	6,138
Intergovernmental revenue	20,757
Settlement revenue	118,368
Income tax revenue	143,041
Investment income	(33,423)
Total	254,881
Proceeds of lease payables are reported as an other financing source in the funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.	(14,907)
Repayment of the general obligation bonds is an expenditure in the governmental funds; however, in the statement of activities it is not recorded as an expense as it decreases liabilities on the statement of net position.	246,762
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due. The following items resulted in more interest being reported in the statement of activities:	
Decrease in accrued interest	2,385
Amortization of bond premiums	285
Total	2,670
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 expenditures in governmental funds.	(47,759)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	1,340,750
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(2,035,366)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	24,055
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.	(37,103)
An internal service fund is used by management to charge the costs of internal equipment service and employee benefits to individual funds are not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance of (\$565), is allocated among the governmental activities.	14,441
Change in net position of governmental activities	\$ 3,978,071

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 3,150,506	\$ 14,705,585	\$ 17,856,091	\$ 25,858
Receivables (net of allowance for uncollectibles):				
Accounts	1,018,929	1,261,134	2,280,063	-
Materials and supplies inventory	619,248	113,930	733,178	-
Prepayments	23,180	27,116	50,296	816
Total current assets	4,811,863	16,107,765	20,919,628	26,674
Noncurrent assets:				
Net pension asset	24,884	29,654	54,538	902
Net OPEB asset	83,164	99,105	182,269	3,015
Restricted assets:				
Equity in pooled cash and investments	92,970	-	92,970	-
Capital assets:				
Nondepreciable capital assets	816,331	161,349	977,680	-
Depreciable capital assets, net	64,163,579	71,253,297	135,416,876	-
Total capital assets, net	64,979,910	71,414,646	136,394,556	-
Total noncurrent assets	65,180,928	71,543,405	136,724,333	3,917
Total assets	69,992,791	87,651,170	157,643,961	30,591
Deferred outflows of resources:				
Pension	779,027	929,688	1,708,715	28,245
OPEB	74,990	86,530	161,520	2,633
Total deferred outflows of resources	854,017	1,016,218	1,870,235	30,878
Liabilities:				
Current liabilities:				
Accounts payable	269,030	243,218	512,248	1,609
Accrued wages and benefits payable	83,064	101,271	184,335	3,332
Pension and postemployment benefits payable	20,676	25,101	45,777	785
Accrued interest payable	27,511	1	27,512	-
Current portion of compensated absences	53,092	94,412	147,504	14
Current portion of OWDA loans payable	1,633,505	1,811,078	3,444,583	-
Current portion of OPWC loans payable	7,550	4,446	11,996	-
Current portion of financed purchase note payable	208,158	-	208,158	-
Current portion of lease payable	1,273	1,296	2,569	-
Payable from restricted assets:				
Refundable deposits	92,970	-	92,970	-
Total current liabilities	2,396,829	2,280,823	4,677,652	5,740
Long-term liabilities:				
Compensated absences payable	305,154	532,127	837,281	118
OWDA loans payable	10,866,531	54,326,780	65,193,311	-
OPWC loans payable	90,594	-	90,594	-
Lease payable	2,925	2,979	5,904	-
Financed purchase note payable	1,952,474	-	1,952,474	-
Net pension liability	2,497,263	2,975,942	5,473,205	90,541
Total long-term liabilities	15,714,941	57,837,828	73,552,769	90,659
Total liabilities	18,111,770	60,118,651	78,230,421	96,399
Deferred inflows of resources:				
Pension	106,054	35,346	141,400	2,204
OPEB	48,260	59,361	107,621	1,755
Total deferred inflows of resources	154,314	94,707	249,021	3,959
Net position:				
Net investment in capital assets	50,216,900	15,268,067	65,484,967	-
Restricted for pension and OPEB	108,048	128,759	236,807	3,917
Unrestricted (deficit)	2,255,776	13,057,204	15,312,980	(42,806)
Total net position (deficit)	\$ 52,580,724	\$ 28,454,030	81,034,754	\$ (38,889)
Adjustment to reflect the consolidation of the internal service fund's activity related to enterprise funds			560	
Net position of business-type activities			\$ 81,035,314	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Operating revenues:				
Charges for services	\$ 8,865,448	\$ 9,482,585	\$ 18,348,033	\$ 96,154
Other	8,340	3,602	11,942	32
Total operating revenues	8,873,788	9,486,187	18,359,975	96,186
Operating expenses:				
Personal services	2,251,974	2,876,240	5,128,214	64,769
Contract services	698,514	1,020,958	1,719,472	1,186
Materials and supplies	1,520,609	666,015	2,186,624	4,750
Utilities expense	550,176	673,209	1,223,385	10,006
Depreciation/amortization	2,319,280	2,811,521	5,130,801	-
Other	99,169	95,512	194,681	336
Total operating expenses	7,439,722	8,143,455	15,583,177	81,047
Operating income	1,434,066	1,342,732	2,776,798	15,139
Nonoperating revenues (expenses):				
Interest revenue	187	26,786	26,973	-
Interest and fiscal charges	(440,642)	(2,258,799)	(2,699,441)	-
Loss on disposal of capital assets	(12,921)	(12,585)	(25,506)	-
Intergovernmental	-	1,000,000	1,000,000	-
Total nonoperating revenues (expenses)	(453,376)	(1,244,598)	(1,697,974)	-
Change in net position	980,690	98,134	1,078,824	15,139
Net position at beginning of year as previously reported	51,827,072	28,712,600		(37,959)
Restatement - change in accounting principle	(227,038)	(356,704)		(16,069)
Net position (deficit) at beginning of year, restated	51,600,034	28,355,896		(54,028)
Net position (deficit) at end of year	<u>\$ 52,580,724</u>	<u>\$ 28,454,030</u>		<u>\$ (38,889)</u>
Adjustment to reflect the consolidation of the internal service fund's activity related to enterprise funds			698	
Change in net position of business-type activities			<u>\$ 1,079,522</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Cash flows from operating activities:				
Cash received from charges for services	\$ 8,828,903	\$ 9,514,634	\$ 18,343,537	\$ 96,154
Cash received from other operations	29,244	3,602	32,846	32
Cash payments for personal services	(2,339,640)	(2,832,825)	(5,172,465)	(81,210)
Cash payments for contractual services	(621,282)	(1,493,235)	(2,114,517)	(1,186)
Cash payments for materials and supplies	(1,401,765)	(611,703)	(2,013,468)	(4,750)
Cash payments for utilities expense	(539,459)	(628,618)	(1,168,077)	(8,672)
Cash payments for other expenses	(119,744)	(95,512)	(215,256)	(336)
Net cash provided by operating activities	3,836,257	3,856,343	7,692,600	32
Cash flows from noncapital financing activities:				
Cash received from operating grants	-	1,000,000	1,000,000	-
Cash received from interfund loans	-	500,000	500,000	-
Net cash provided by noncapital financing activities	-	1,500,000	1,500,000	-
Cash flows from capital and related financing activities:				
Cash payments for the acquisition of capital assets	(3,233,560)	(1,672,865)	(4,906,425)	-
Cash received from the sale of capital assets	1,155	2,135	3,290	-
Cash payments for principal retirement	(2,270,202)	(1,749,078)	(4,019,280)	-
Cash payments for interest and fiscal charges	(474,816)	(2,258,804)	(2,733,620)	-
Net cash (used in) capital and related financing activities	(5,977,423)	(5,678,612)	(11,656,035)	-
Cash flows from investing activities:				
Cash received from interest earned	187	26,786	26,973	-
Net cash provided by investing activities	187	26,786	26,973	-
Net increase (decrease) in cash and cash equivalents	(2,140,979)	(295,483)	(2,436,462)	32
Cash and cash equivalents at beginning of year	5,384,455	15,001,068	20,385,523	25,826
Cash and cash equivalents at end of year	<u>\$ 3,243,476</u>	<u>\$ 14,705,585</u>	<u>\$ 17,949,061</u>	<u>\$ 25,858</u>

- - Continued

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,434,066	\$ 1,342,732	\$ 2,776,798	\$ 15,139
Adjustments:				
Depreciation/amortization	2,319,280	2,811,521	5,130,801	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(36,541)	32,049	(4,492)	-
(Increase) decrease in materials and supplies inventory	46,136	(22,782)	23,354	-
(Increase) in net pension asset	(10,092)	(13,172)	(23,264)	(388)
(Increase) in net OPEB asset	(83,164)	(99,105)	(182,269)	(3,015)
(Increase) in prepayments	(9,416)	(11,562)	(20,978)	(342)
Decrease in deferred outflows - pensions	472,241	461,046	933,287	15,266
Decrease in deferred outflows - OPEB	111,556	120,788	232,344	3,855
Increase in accounts payable	160,657	121,118	281,775	1,334
(Decrease) contracts payable	-	(471,710)	(471,710)	-
Increase in accrued wages and benefits	7,728	18,364	26,092	660
Increase (decrease) in compensated absences payable	(46,743)	42,430	(4,313)	(15,937)
(Decrease) in pension and postemployment benefits payable	(7,390)	(6,931)	(14,321)	(215)
Increase in refundable deposits liability	325	-	325	-
(Decrease) in net pension liability	(503,220)	(367,263)	(870,483)	(13,745)
(Decrease) in net OPEB liability	(61,463)	(68,484)	(129,947)	(2,136)
Increase (decrease) in deferred inflows - pensions	16,091	(67,469)	(51,378)	(1,429)
Increase in deferred inflows - OPEB	26,206	34,773	60,979	985
Net cash provided by operating activities	<u>\$ 3,836,257</u>	<u>\$ 3,856,343</u>	<u>\$ 7,692,600</u>	<u>\$ 32</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	\$ 59,620
Cash in segregated accounts	7,562
Receivables (net of allowances for uncollectibles):	
Accounts	<u>1,406</u>
Total assets	<u>68,588</u>
Liabilities:	
Due to other governments	<u>60,415</u>
Net position:	
Restricted for individuals, organizations and other governments	<u><u>\$ 8,173</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Custodial</u>
Additions:	
Fines and forfeitures for other governments	\$ 701,153
Sewer surcharges collected for other governments	<u>727,723</u>
Total additions	<u>1,428,876</u>
Deductions:	
Fines and forfeitures distributions to other governments	701,229
Sewer surcharges distributions to other governments	<u>728,012</u>
Total deductions	<u>1,429,241</u>
Net change in fiduciary net position	(365)
Net position beginning of year	<u>8,538</u>
Net position end of year	<u><u>\$ 8,173</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 1 - DESCRIPTION OF THE CITY

The City of Fremont, Sandusky County, 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 operates under a Council/Mayor form of government and provides the following services to its residents: public safety, highways and streets, water, sewer, health and social services, culture recreation, public improvements, planning and zoning and general administration services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City's reporting entity has been defined according to GASB Statement No. 14, "The Financial Reporting Entity", and as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34" and GASB Statement No. 80, "Blending Requirements for Certain Component Units an Amendment of GASB Statement No. 14."

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization's budget, the issuance of its debt or the levying of its taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the City and the organization is such that exclusion by the City would render the City's financial statements incomplete or misleading. Based upon these criteria, the City has no component units but is a member of an insurance pool described in Note 14.

B. Basis of Presentation - Fund Accounting

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 fund 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. On the statement of activities, interfund services provided and used are not eliminated in the process of consolidation.

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

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. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support 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 activity or governmental program 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

C. 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 deferred outflows and liabilities and deferred inflows is reported as fund balance.

The following are the City's major governmental funds:

General fund - The General fund is used to account for and report all financial resources not accounted for and reported in another fund. The General fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Improvement fund - The Capital Improvement fund accounts for resources that are restricted for the acquisition, construction, or improvement of capital facilities and other capital assets.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

Other governmental funds of the City are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise funds - The Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major Enterprise funds:

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 service to the residential and commercial users located within the City.

Internal Service fund - The Internal Service fund accounts for the financing of services provided by one fund or department to other funds or departments of the City on a cost-reimbursement basis. The City's Internal Service fund reports on the operations of the servicing of internal equipment.

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 distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's only fiduciary funds are custodial funds. The City's custodial funds account for various funds held for Municipal Court activity, including Ohio Highway Patrol portion of Municipal Court fines, and the collections for the County Sewer District.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of the City are included on the statement of net position.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

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, current deferred outflows, current liabilities and current deferred inflows 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 reconciliations 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 funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets, all deferred outflows, all liabilities and all deferred inflows associated with the operation of these funds are included on the statement of net position. 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.

The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities and operating expenses for the internal service fund include personnel costs and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

E. 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 and outflows 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.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the 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 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.

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Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income taxes, charges for services, State-levied locally shared taxes (including gasoline taxes, local government funds and permissive taxes), fines, forfeitures, and settlements, grants, interest and licenses permits and fees.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 15 and 16 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes, settlements, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 15 and 16 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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.

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of control has been established at the fund-department and within each department, the amount spent on personal services and all other expenditures for all funds.

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Estimated Resources - The County Budget Commission reviews the estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The County Budget 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 estimated beginning of year fund balance and projected revenue of each fund. On or about December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing 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 appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate of estimated resources may be further amended during the year if the City Auditor determines that revenue to be collected will be greater than or less than prior estimates and the County Budget Commission finds the revised estimates to be reasonable. The amounts set forth in the budgetary schedules represent estimates from the first and final amended official certificate of estimated resources issued during 2024.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and within each department, the amount for personal services and all other expenditures. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council. The amounts set forth in the budgetary schedules represent the original and final appropriations approved by City Council during 2024.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are reappropriated in the succeeding year.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation. On the GAAP basis, encumbrances outstanding at year end are reported as restricted, committed, or assigned classifications of fund balance in the governmental fund financial statements.

G. Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

Cash and cash equivalents that are held separately for the City in segregated accounts and not held with the City Treasurer are recorded on the basic financial statements as "cash in segregated accounts".

During 2024, investments were limited to the Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Agriculture Mortgage Corporation (FAMC) securities, negotiable certificates of deposit (negotiable CD's), U.S. Treasury notes, and a U.S. Government money market fund. The City measures its investments at fair value which is based upon quoted market prices.

Interest earnings are allocated to City funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General fund during 2024 was \$776,392, which includes \$656,269 assigned from other City funds.

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For purposes of the statement of cash flows and for presentation on the basic financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

H. Loans Receivable

Loans receivable represent the right to receive repayment for certain loans made by the City. These loans are based upon written agreements between the City and the various loan recipients.

I. Inventories of Materials and Supplies

On the government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

J. 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 activities 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 retirements during the year. Donated capital assets are recorded at their acquisition value. The City maintains a capitalization threshold of \$2,500. The City's governmental infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers and streets. The City's proprietary and business-type infrastructure consists of water and sewer lines. 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 capitalized. Interest incurred during the construction of proprietary capital assets is also capitalized. In addition, assets having an estimated useful life of more than one year that are below the \$2,500 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

All reported capital assets are depreciated except for land and construction in progress. 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10-50 years	10-50 years
Buildings	25-50 years	25-50 years
Building improvements	5-50 years	5-25 years
Machinery and equipment	3-30 years	5-10 years
Intangible leased assets	5 years	-
Infrastructure - streets, sidewalks, and storm sewers	25-50 years	50 years
Infrastructure - bridges and culverts	25-50 years	25-50 years

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The City is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

K. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, four types of leave qualify for liability recognition for compensated absences - vacation, sick leave, comp time and holiday emergency time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Comp Time

The City's policy permits employees to accumulate earned but unused comp time, which are eligible for payment at the employee's current pay rate upon separation from employment.

Holiday-Emergency Time

The City's policy permits employees to accumulate earned but unused holiday-emergency time, which are eligible for payment at the employee's current pay rate upon separation from employment.

L. 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 and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Activity

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 BFS. Interfund activity between governmental funds is eliminated for reporting on the governmental statement of activities.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the City Auditor the authority to constrain monies for intended purposes. The City Council has also assigned amounts to cover a gap between estimated resources and appropriations in the 2024 budget.

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

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Restricted Assets

Customer deposits are held in the Water fund to assure payment of utility bills. At December 31, 2024, the City held \$92,970 in restricted customer deposits. These restricted assets are equally offset by a restricted payable so there is no effect on net position of the Water fund.

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P. Bond Issuance Costs, Bond Premiums and Discounts, Accounting Gain or Loss

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 12.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and Enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

Q. Estimates

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

R. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, grants or outside contributions of resources restricted to capital acquisition and construction, or capital assets that are purchased by a fund and then transferred to another fund. Capital contributions are reported as nonoperating revenue in the proprietary fund financial statements. During 2024, the City did not report any capital contributions.

S. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. None of the City's net position are restricted by enabling legislation.

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. During 2024, the City did not report any extraordinary or special items.

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(Continued)

U. 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 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.

V. Prepayments

Payments made to vendors for services that benefit future periods are recorded as prepayments in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase, and the expenditure is reported in the year in which services are consumed. Governmental fund balance has been presented as nonspendable equal to the balance of the prepayments at year-end.

W. Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2024, distributions of \$50,592 are reflected as fines and forfeitures revenue in the OneOhio special revenue fund in the accompanying financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*", Implementation Guide No. 2023-1 and GASB Statement No. 101, "*Compensated Absences*".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the City.

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable 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.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

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GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

B. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 28,759,257	\$ (1,210,147)	\$ 27,549,110
Business-Type Activities	80,539,534	(583,742)	79,955,792
Total Net Position	<u>\$ 109,298,791</u>	<u>\$ (1,793,889)</u>	<u>\$ 107,504,902</u>
Proprietary Funds			
Major Funds:			
Water	\$ 51,827,072	\$ (227,038)	\$ 51,600,034
Sewer	28,712,600	(356,704)	28,355,896
Total Proprietary Funds	<u>\$ 80,539,672</u>	<u>\$ (583,742)</u>	<u>\$ 79,955,930</u>
Internal Service Funds			
Vehicle maintenance	\$ (37,959)	\$ (16,069)	\$ (54,028)
Total Internal Service Funds	<u>\$ (37,959)</u>	<u>\$ (16,069)</u>	<u>\$ (54,028)</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or 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 current five year period of designation of depositories. Inactive deposits must be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provide that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

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

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

Restricted equity in pooled cash: At year-end, the City had \$92,970 in restricted assets for refundable deposits from customers of the Water fund. This amount is included in the "Deposits with Financial Institutions" below.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

A. Cash in Segregated Accounts

At year end, \$7,562 was on deposit in segregated accounts for the Municipal Court and small business checking account. These accounts are included in the total amount of “Deposits with Financial Institutions” reported below; however, this amount is not part of the internal cash pool reported on the statement of net position and the governmental funds balance sheet as “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of all City deposits was \$3,613,371 and the bank balance of all City deposits was \$4,019,227. Of the bank balance, \$250,000 was covered by the FDIC and \$3,769,227 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s 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 (2) 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. For 2024, the City’s deposits were collateralized through participation in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

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

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment <u>Maturities</u>				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair value:</i>						
FHLMC	\$ 1,069,432	\$ 497,075	\$ 572,357	\$ -	\$ -	\$ -
FNMA	1,457,195	-	1,457,195	-	-	-
FHLB	4,870,368	497,127	243,592	1,864,963	726,653	1,538,033
FFCB	4,923,545	584,926	1,398,731	959,270	236,688	1,743,930
FAMC	1,380,946	-	165,838	182,533	-	1,032,575
U.S. Treasury Note	11,728,368	1,086,715	531,608	214,085	1,312,272	8,583,688
Negotiable CD	239,172	-	-	239,172	-	-
U.S. Government Money						
Market Mutual funds	<u>759,850</u>	<u>759,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 26,428,876	\$ 3,425,693	\$ 4,369,321	\$ 3,460,023	\$ 2,275,613	\$ 12,898,226

The weighted average maturity of investments is 0.68 years.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

The City's investments in U.S. government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: The City's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's negotiable CD's were not rated but are fully insured by the FDIC. Standard & Poor's has assigned the U.S. Treasury money market mutual funds an AAAm money market rating. The City limits its investments to those authorized by State statute.

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

Measurement/ Investment type	Measurement Value	% of Total
<i>Fair value:</i>		
FHLMC	\$ 1,069,432	4.05
FNMA	1,457,195	5.51
FHLB	4,870,368	18.43
FFCB	4,923,545	18.63
FAMC	1,380,946	5.23
U.S. Treasury Note	11,728,368	44.37
Negotiable CD	239,172	0.91
U.S. Government Money Market Mutual funds	759,850	2.87
Total	\$ 26,428,876	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of December 31, 2024:

Cash and investments per note disclosure

Carrying amount of deposits	\$ 3,613,371
Investments	26,428,876
Cash in segregated accounts	7,562
Total	<u>\$ 30,049,809</u>

Cash and investments per statement of net position

Governmental activities	\$ 12,033,566
Business-type activities	17,949,061
Custodial funds	67,182
Total	<u>\$ 30,049,809</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

NOTE 5 - INTERFUND BALANCES

A. Transfers

Interfund transfers for the year ended December 31, 2024 consisted of the following, as reported in the fund financial statements:

<u>Transfers from:</u>	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
General fund	\$ -	\$ 988	\$ 988
Capital Improvement fund	1,500,000	-	1,500,000
Nonmajor governmental funds	<u>1,934,822</u>	<u>-</u>	<u>1,934,822</u>
Total	<u>\$ 3,434,822</u>	<u>\$ 988</u>	<u>\$ 3,435,810</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; reclassification of prior year distributed monies, to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

The transfer from nonmajor governmental funds to the General fund is to close the Police and Fire Debt Service fund.

Transfers between governmental funds are eliminated on the government-wide financial statements.

B. Interfund Loans

On June 21, 2023, the Sewer fund issued \$500,000 in manuscript notes which were purchased by the Debt Service fund (a nonmajor governmental fund). The manuscript notes bear an interest rate of 6.0 percent and matured on June 21, 2024.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Fremont. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2024 was \$3.20 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2022 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 169,872,540
Commercial/industrial/mineral	108,426,920

Public utility

Real	80,830
Personal	<u>69,022,800</u>

Total assessed value	<u>\$ 347,403,090</u>
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NOTE 7 - LOCAL INCOME TAX

The City levies and collects an income tax of 1.5 percent based on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax revenue is credited to the General fund and amounted to \$12,283,672 in 2024.

NOTE 8 - RECEIVABLES

A. Receivables

Receivables at December 31, 2024 consisted of taxes, accounts (billings for user charged services), loans, settlements, accrued interest, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the basic financial statements. Receivables have been recorded to the extent that they are measurable and available at December 31, 2024.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

<u>Receivables:</u>	Governmental <u>Activities</u>	Business-Type <u>Activities</u>
Income taxes	\$ 3,099,393	\$ -
Property and other local taxes	1,219,614	-
Accounts	153,590	2,280,063
Settlements	118,368	
Loans	903,861	-
Accrued interest	122,427	-
Due from other governments	1,136,976	-
Leases receivable	<u>69,519</u>	<u>-</u>
Total	<u><u>\$ 6,823,748</u></u>	<u><u>\$ 2,280,063</u></u>

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year is the loans receivable, which is collected over the life of the loans (see Note 9), leases receivable, which is discussed on the following page and the opioid settlement receivable (see Note 2). Receivables in the amount of \$1,091,748 will not be received within one year.

B. Leases Receivable

The City is reporting leases receivable of \$69,519 in the General fund. For fiscal year 2024, the City recognized lease revenue of \$4,078, which is reported in rental income, and interest revenue of \$926.

The City has entered into lease agreements for building space rental with the following terms:

<u>Purpose</u>	Lease Commencement <u>Date</u>	<u>Years</u>	Lease End <u>Date</u>	<u>Payment Method</u>
Building space	2021	20	2041	Annual

Lease payments will be paid into the General fund. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,091	\$ 909	\$ 4,000
2026	3,131	869	4,000
2027	3,172	828	4,000
2028	3,714	786	4,500
2029	3,762	738	4,500
2030 - 2034	21,602	2,898	24,500
2035 - 2039	25,618	1,382	27,000
2040 - 2042	<u>5,429</u>	<u>71</u>	<u>5,500</u>
Total	<u><u>\$ 69,519</u></u>	<u><u>\$ 8,481</u></u>	<u><u>\$ 78,000</u></u>

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

NOTE 9 - LOANS RECEIVABLE

The Fremont City Council created the Revolving Loan Committee and granted them the authority to act on behalf of the City of Fremont in making loans from the City's revolving loan fund to qualified applicants within the revolving loan fund geographic area. At the close of 2024, there was one loan to a business with a total principal balance of \$21,819 and \$21,819 due in more than one year.

Additionally, the City has entered into an agreement with Sandusky County and the Fremont Development Corporation to loan \$857,042 to a developer, in 2022, to develop land and turn the land into an industrial park. In 2023, the City loaned an additional \$25,000, for a total loan of \$882,042, to the developer to purchase an additional plot of land. The Developer will repay the loan through money generated by the sale of properties in the industrial park. There were no repayments made towards the loan in 2024.

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance 12/31/23	Additions	Deletions	Balance 12/31/24
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 865,955	\$ -	\$ -	\$ 865,955
Construction-in-progress	<u>7,569,726</u>	<u>1,428,044</u>	<u>(8,903,764)</u>	<u>94,006</u>
<i>Total capital assets, not being depreciated/amortized</i>	<u>8,435,681</u>	<u>1,428,044</u>	<u>(8,903,764)</u>	<u>959,961</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	6,130,503	311,879	-	6,442,382
Buildings and improvements	13,663,784	4,260,117	(77,482)	17,846,419
Machinery and equipment	11,357,465	605,725	(275,813)	11,687,377
Infrastructure	30,798,922	5,066,222	-	35,865,144
Intangible right to use:				
Leased equipment	<u>22,560</u>	<u>14,907</u>	<u>(5,849)</u>	<u>31,618</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>61,973,234</u>	<u>10,258,850</u>	<u>(359,144)</u>	<u>71,872,940</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(3,894,319)	(197,655)	-	(4,091,974)
Buildings and improvements	(9,189,611)	(458,433)	5,657	(9,642,387)
Machinery and equipment	(6,282,097)	(560,241)	262,902	(6,579,436)
Infrastructure	(17,146,694)	(1,022,496)	21,833	(18,147,357)
Intangible right to use:				
Leased equipment	<u>(10,323)</u>	<u>(4,200)</u>	<u>5,849</u>	<u>(8,674)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(36,523,044)</u>	<u>(2,243,025)</u>	<u>296,241</u>	<u>(38,469,828)</u>
Total capital assets, being depreciated/amortized, net	<u>25,450,190</u>	<u>8,015,825</u>	<u>(62,903)</u>	<u>33,403,112</u>
Total capital assets, net	<u>\$ 33,885,871</u>	<u>\$ 9,443,869</u>	<u>\$ (8,966,667)</u>	<u>\$ 34,363,073</u>

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Depreciation/amortization expense was charged to the functions/programs of the City as follows:

Governmental activities:

General government	\$ 158,000
Security of persons and property	326,374
Transportation	1,144,892
Leisure time activities	611,977
Economic development	<u>1,782</u>
Total depreciation/amortization expense	<u>\$ 2,243,025</u>

	Balance 12/31/23	Additions	Deletions	Balance 12/31/24
<u>Business Type activities:</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 977,680	\$ -	\$ -	\$ 977,680
Construction-in-progress	<u>738,300</u>	<u>4,693,449</u>	<u>(5,431,749)</u>	<u>-</u>
<i>Total capital assets, not being depreciated/amortized</i>	<u>1,715,980</u>	<u>4,693,449</u>	<u>(5,431,749)</u>	<u>977,680</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	47,280,607	16,220	-	47,296,827
Buildings and improvements	94,240,792	2,139,848	(2,786)	96,377,854
Machinery and equipment	19,477,238	520,069	(152,368)	19,844,939
Infrastructure	37,796,349	2,968,588	-	40,764,937
Intangible right to use:				
Leased equipment	<u>13,527</u>	<u>-</u>	<u>-</u>	<u>13,527</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>198,808,513</u>	<u>5,644,725</u>	<u>(155,154)</u>	<u>204,298,084</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(10,413,083)	(1,095,902)	-	(11,508,985)
Buildings and improvements	(29,097,485)	(2,287,015)	17,978	(31,366,522)
Machinery and equipment	(10,435,676)	(1,023,841)	108,380	(11,351,137)
Infrastructure	(13,927,944)	(721,466)	-	(14,649,410)
Intangible right to use:				
Leased equipment	<u>(2,577)</u>	<u>(2,577)</u>	<u>-</u>	<u>(5,154)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(63,876,765)</u>	<u>(5,130,801)</u>	<u>126,358</u>	<u>(68,881,208)</u>
Total capital assets, being depreciated/amortized, net	<u>134,931,748</u>	<u>513,924</u>	<u>(28,796)</u>	<u>135,416,876</u>
Total capital assets, net	<u>\$ 136,647,728</u>	<u>\$ 5,207,373</u>	<u>\$ (5,460,545)</u>	<u>\$ 136,394,556</u>

Capital Assets related to Ohio Water Development Authority (OWDA) loans include \$940,443 in capitalized interest from years prior to the implementation of GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Depreciation/amortization expense was charged to the enterprise funds of the City as follows:

<u>Business-type activities:</u>	<u>Depreciation/ Amortization Expense</u>
Water fund	\$ 2,319,280
Sewer fund	<u>2,811,521</u>
Total depreciation/amortization expense	<u>\$ 5,130,801</u>

NOTE 11 - FINANCED PURCHASE NOTE PAYABLE

The financed purchase note payable agreements are direct borrowings that have terms negotiated directly between the City and the vendor and are not offered for public sale.

In 2018, the City entered into a financed purchase note payable agreement to finance the purchase of energy efficient equipment. Principal and interest payments are made 46% from the Capital Improvement fund and 54% from the Water fund. In the event of default, the lessor may declare all rental payments payable by the City and other amounts payable by the City hereunder to the end of the then current original term or renewal term to be immediately due and payable.

In 2019 and 2020, the City entered into financed purchase note payable agreements to finance the purchases of fitness equipment. Principal and interest payments are made from the public recreation fund (a nonmajor governmental fund). The financed purchase note payable was paid off during 2024.

Principal and interest requirements to retire the financed purchase note payable as of December 31, 2024 are as follows:

Year Ending	Governmental Activities Financed purchase note payable			Year Ending	Business-Type Activities Financed purchase note payable		
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 177,320	\$ 65,402	\$ 242,722	2025	\$ 208,158	\$ 76,776	\$ 284,934
2026	183,615	59,107	242,722	2026	215,548	69,386	284,934
2027	190,133	52,589	242,722	2027	223,200	61,735	284,935
2028	196,883	45,839	242,722	2028	231,124	53,811	284,935
2029	203,872	38,849	242,721	2029	239,328	45,606	284,934
2030 - 2033	892,551	80,408	972,959	2030 - 2033	1,043,274	94,392	1,137,666
Total	<u>\$ 1,844,374</u>	<u>\$ 342,194</u>	<u>\$ 2,186,568</u>	Total	<u>\$ 2,160,632</u>	<u>\$ 401,706</u>	<u>\$ 2,562,338</u>

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**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

NOTE 12 - LONG-TERM OBLIGATIONS

A. Governmental activities

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023 which is reflected in the schedule below. The City's governmental activities long-term obligations at December 31, 2024 were as follows.

	Restated Balance 12/31/23	Increases	Decreases	Balance 12/31/24	Amount Due Within One Year
<u>Governmental activities:</u>					
<u>General obligation bonds:</u>					
Police and fire pension	\$ 70,000	\$ -	\$ (70,000)	\$ -	\$ -
<u>Other long-term obligations:</u>					
Net pension liability	20,825,041	-	(741,714)	20,083,327	-
Net OPEB liability	1,258,421	4,624	(113,749)	1,149,296	-
Financed purchase note payable (direct borrowing)	2,016,978	-	(172,604)	1,844,374	177,320
Lease payable	12,318	14,907	(4,158)	23,067	6,173
Compensated absences*	1,957,941	10,368	-	1,968,309	313,608
Total	26,140,699	29,899	(1,102,225)	25,068,373	497,101
Unamortized premium on bonds	285	-	(285)	-	-
Total long-term obligations	\$ 26,140,984	\$ 29,899	\$ (1,102,510)	\$ 25,068,373	\$ 497,101

*The changes in compensated absences liability is presented as a net change.

Police and Fire Pension General Obligation Bonds

On October 31, 2012, the City issued \$745,000 in general obligation bonds. The proceeds of these bonds were used to retire the police and fire past service liability. The bonds bear interest rates ranging from 1.7% to 2.7%. These bonds are a general obligation of the City, and principal and interest payments will be made from the Police and Fire debt service fund. These bonds matured on December 1, 2024. The general obligation bonds are supported by the full faith and credit of the City.

Lease Purchase Agreements

See Note 11 for information on the City's lease purchase agreements.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Net Pension Liability and Net OPEB Liability

The City pays obligations related to employee compensation from the fund benefitting from their service. See Note 15 and Note 16 for further information.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Leases Payable

The City has entered into lease agreements for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the General fund, the Recreation nonmajor special revenue fund, the Water enterprise fund, and the Sewer enterprise fund.

The City has entered into lease agreements for copier equipment at varying years and terms as follows:

<u>Purpose</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copiers	2018-2023	5	2023-2030	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Leases payable - Governmental Activities</u>			<u>Leases payable - Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 6,173	\$ 263	\$ 6,436	\$ 2,569	\$ 95	\$ 2,664
2026	5,102	189	5,291	2,603	61	2,664
2027	5,168	123	5,291	2,637	27	2,664
2028	3,464	63	3,527	664	1	665
2029	2,915	24	2,939	-	-	-
2030	<u>245</u>	<u>-</u>	<u>245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 23,067</u>	<u>\$ 662</u>	<u>\$ 23,729</u>	<u>\$ 8,473</u>	<u>\$ 184</u>	<u>\$ 8,657</u>

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**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

B. Business-type activities

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023 which is reflected in the schedule below. The City's business-type activities long-term obligations at December 31, 2024 were as follows.

	Restated Balance 12/31/23	Increases	Decreases	Balance 12/31/24	Amount Due Within One Year
<u>Business-type activities:</u>					
<u>General obligation bonds</u>					
Water refunding series 2012	\$ 475,000	\$ -	\$ (475,000)	\$ -	\$ -
<u>OPWC loans (direct borrowing):</u>					
Sewer - series 2004	13,338	-	(8,892)	4,446	4,446
Water - series 2017	105,694	-	(7,550)	98,144	7,550
Total	119,032	-	(16,442)	102,590	11,996
<u>OWDA loans (direct borrowing):</u>					
Dam removal project	1,845,899	-	(177,069)	1,668,830	183,501
Water pollution control center expansion	56,030,866	-	(1,561,838)	54,469,028	1,627,577
Water reservoir phase 1	2,802,824	-	(311,578)	2,491,246	321,931
Water reservoir phase 2	809,672	-	(90,489)	719,183	93,362
Off stream raw water - supply phase 2A	435,165	-	(52,300)	382,865	53,960
Water reservoir phase 1 - supplement	10,037,748	-	(1,131,006)	8,906,742	1,164,252
Total	71,962,174	-	(3,324,280)	68,637,894	3,444,583
<u>Other long-term obligations</u>					
Net pension liability	6,343,688	-	(870,483)	5,473,205	-
Net OPEB liability	129,947	-	(129,947)	-	-
Lease payable	11,009	-	(2,536)	8,473	2,569
Financed purchase note payable (direct borrowing)	2,361,654	-	(201,022)	2,160,632	208,158
Compensated absences*	989,098	(4,313)	-	984,785	147,504
Total	82,391,602	(4,313)	(5,019,710)	77,367,579	3,814,810
Unamortized premium on bonds	31,133	-	(31,133)	-	-
Total long-term obligations	\$ 82,422,735	\$ (4,313)	\$ (5,050,843)	\$ 77,367,579	\$ 3,814,810

*The changes in compensated absences liability is presented as a net change.

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

Series 2012 Water Refunding General Obligation Bond

On October 3, 2012, the City issued \$6,900,000 in general obligation current refunding bonds to refund outstanding general obligation bonds. The balance of the refunding bonds at December 31, 2019 is \$2,415,000. The refunding bonds bear an annual interest rate ranging from 2.00% - 5.00% and matured in 2024. The general obligation bonds are a general obligation of the City, and the principal and interest payments are paid from the Water fund. A portion of the proceeds of the bonds were used for the advance refunding of the 2003 general obligation bonds. These proceeds were used to purchase state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The general obligation bonds are supported by the full faith and credit of the City.

Ohio Public Works Commission (OPWC) Loans

The OPWC loans were granted from the Ohio Public Works Commission in 2004 and 2017, and do not carry an interest rate. The OPWC loan granted in 2004 is an obligation of the Sewer fund, and the principal payments are paid out of the Sewer fund. The OPWC loan granted in 2017 is an obligation of the Water fund, and the principal payments are paid out of the Water fund. The OPWC loan proceeds were used for improvements to the sewer plant and facilities and waterlines.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Ohio Water Development Authority (OWDA) Loans

The City has entered into loans with the Ohio Water Development Authority for the construction of the Water Reservoir Phase 1, Water Reservoir Phase 2, Sewer Dam Removal Project, Water Pollution Control Center Expansion and Off Stream Raw Water Supply Phase 2A. The OWDA loans carry interest rates of 2.49% - 4.49% and mature between July 1, 2031 and July 1, 2046. Repayment of these loans will be funded through user charges.

The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from Water and Sewer fund revenues and are payable through a future date which has yet to be finalized. Annual principal and interest payments on the loans are expected to require 71.08 percent of net revenues and 31.79 percent of total revenues. The total principal and interest remaining to be paid on the loans is \$97,157,016. Principal and interest paid for the current year were \$5,994,910, total net revenues were \$8,434,572 and total revenues were \$18,859,975.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

C. Future Debt Service Requirements

Principal and interest requirements to retire the OPWC and OWDA loans as of December 31, 2024 are as follows:

Year Ending December 31,	OPWC Loans Water Series 2017		
	Principal	Interest	Total
2025	\$ 7,550	\$ -	\$ 7,550
2026	7,550	-	7,550
2027	7,550	-	7,550
2028	7,550	-	7,550
2029	7,550	-	7,550
2030 - 2034	37,748	-	37,748
2035 - 2037	22,646	-	22,646
Total	<u>\$ 98,144</u>	<u>\$ -</u>	<u>\$ 98,144</u>

Year Ending December 31,	OPWC Loans - Sewer - Series 2004		
	Principal	Interest	Total
2025	\$ 4,446	\$ -	\$ 4,446
Total	<u>\$ 4,446</u>	<u>\$ -</u>	<u>\$ 4,446</u>

Year Ending December 31,	OWDA Loans		
	Principal	Interest	Total
2025	\$ 3,444,583	\$ 2,554,256	\$ 5,998,839
2026	3,569,410	2,433,535	6,002,945
2027	3,698,933	2,308,302	6,007,235
2028	3,833,336	2,178,379	6,011,715
2029	3,972,808	2,043,586	6,016,394
2030 - 2034	15,385,471	8,259,264	23,644,735
2035 - 2039	13,382,241	5,717,204	19,099,445
2040 - 2044	16,277,621	2,820,444	19,098,065
2045 - 2046	5,073,491	204,152	5,277,643
Total	<u>\$ 68,637,894</u>	<u>\$ 28,519,122</u>	<u>\$ 97,157,016</u>

D. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2024, the City's total debt margin was \$36,734,585 and the unvoted debt margin was \$19,107,170.

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police captains, sergeants, patrol officers, dispatchers and record clerks may carry over five days for use during the first six months of the following year. Sick leave accrual is continuous. Overtime worked is always paid, or accrued, to employees on the paycheck for the period in which it was worked.

Upon retirement, police captains and sergeants are paid for 33.33 percent and firefighters are paid for 33.50 percent of their accumulated hours of sick leave, up to 1,800 hours for a maximum payout of 600 hours. All other employees are paid for 42 percent of their accumulated hours of sick leave, up to 1,200 hours for a maximum payout of 500 hours. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

As of December 31, 2024, the governmental activities liability for compensated absences was \$1,968,309, the business-type activities liability for compensated absences was \$984,785, and the City's total liability for compensated absences was \$2,953,094.

NOTE 14 - RISK MANAGEMENT

Property and Casualty Insurance

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2024, PEP retained \$500,000 for casualty claims and \$1,000,000 for property claims. Settlements have not exceeded insurance coverage in each of the past three years and there has not been a significant reduction in coverage from the prior year.

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

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2024 and 2023:

<u>Casualty & Property Coverage</u>	<u>2024</u>	<u>2023</u>
Assets	\$71,369,906	\$67,306,752
Liabilities	<u>(25,425,541)</u>	<u>(23,172,377)</u>
Net Position	<u>\$45,944,365</u>	<u>\$44,134,375</u>

At December 31, 2024 and 2023, respectively, the liabilities above include approximately \$22.6 million and \$19.7 million of estimated incurred claims payable. At December 31, 2024 and 2023, the assets above include approximately \$18.6 million and \$17.6 million of unpaid claims to be billed. The Pool's membership increased from 616 members in 2023 to 649 members in 2024. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2024, the City's share of these unpaid claims collectible in future years is approximately \$231,372.

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

<u>Contributions to PEP</u>	
2024	\$379,225
2023	\$334,945

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset) and Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees – of salaries and benefits for employee services. Pensions and 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.

**CITY OF FREMONT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability 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/OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

**CITY OF FREMONT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	<u>State and Local</u>	
	<u>Traditional</u>	<u>Combined</u>
2024 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2024 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$942,911 for 2024. Of this amount, \$84,089 is reported as pension and postemployment benefits payable.

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$904,779 for 2024. Of this amount, \$81,151 is reported as pension and postemployment benefits payable.

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (asset) 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:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date	0.04027300%	0.02452700%	0.01077200%	0.16077500%	
Proportion of the net pension liability/asset current measurement date	<u>0.03952800%</u>	<u>0.03314000%</u>	<u>0.01122000%</u>	<u>0.15740960%</u>	
Change in proportionate share	<u>-0.00074500%</u>	<u>0.00861300%</u>	<u>0.00044800%</u>	<u>-0.00336540%</u>	
Proportionate share of the net pension liability	\$ 10,348,592	\$ -	\$ -	\$ 15,207,940	\$ 25,556,532
Proportionate share of the net pension asset	-	(101,866)	(1,252)	-	(103,118)
Pension expense	897,064	7,482	(119)	1,625,746	2,530,173

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 169,140	\$ 4,126	\$ 2,685	\$ 488,220	\$ 664,171
Net difference between projected and actual earnings on pension plan investments	2,088,785	16,568	224	1,723,376	3,828,953
Changes of assumptions	-	3,783	46	961,126	964,955
Changes in employer's proportionate percentage/ difference between employer contributions	1,336	-	-	344,395	345,731
Contributions subsequent to the measurement date	923,802	10,431	8,678	904,779	1,847,690
Total deferred outflows of resources	<u>\$ 3,183,063</u>	<u>\$ 34,908</u>	<u>\$ 11,633</u>	<u>\$ 4,421,896</u>	<u>\$ 7,651,500</u>
	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ -	\$ 10,071	\$ -	\$ 170,083	\$ 180,154
Changes of assumptions	-	-	-	230,950	230,950
Changes in employer's proportionate percentage/ difference between employer contributions	235,553	-	-	208,816	444,369
Total deferred inflows of resources	<u>\$ 235,553</u>	<u>\$ 10,071</u>	<u>\$ -</u>	<u>\$ 609,849</u>	<u>\$ 855,473</u>

\$1,847,690 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/increase to the net pension liability/asset in the year ending December 31, 2025.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2025	\$ 318,516	\$ 2,528	\$ 463	\$ 817,116	\$ 1,138,623
2026	669,681	4,562	475	892,999	1,567,717
2027	1,332,945	9,551	532	1,251,401	2,594,429
2028	(297,434)	(2,736)	312	(83,847)	(383,705)
2029	-	273	306	27,530	28,109
Thereafter	-	228	867	2,069	3,164
Total	<u>\$ 2,023,708</u>	<u>\$ 14,406</u>	<u>\$ 2,955</u>	<u>\$ 2,907,268</u>	<u>\$ 4,948,337</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following 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, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% 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	<u>100.00 %</u>	

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(Continued)

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 16,291,465	\$ 10,348,592	\$ 5,405,849
Combined Plan	(61,640)	(101,866)	(133,554)
Member-Directed Plan	(898)	(1,252)	(1,571)

Actuarial Assumptions - OP&F

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

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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.

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

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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	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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 - Total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment 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%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 20,144,049	\$ 15,207,940	\$ 11,103,085

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NOTE 16 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

See Note 15 for a description of the net OPEB liability (asset).

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

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

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

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

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

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

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

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

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

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

Group A 30 years of qualified health care service credit;

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

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

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

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

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

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

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

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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.

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

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 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$5,209 for 2024. Of this amount, \$465 is reported as pension and postemployment benefits payable.

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

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

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

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

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

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

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

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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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$21,647 for 2024. Of this amount, \$1,942 is reported as pension and postemployment benefits payable.

Net OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability			
prior measurement date	0.03865000%	0.16077500%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.03818500%</u>	<u>0.15740960%</u>	
Change in proportionate share	<u>-0.00046500%</u>	<u>-0.00336540%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 1,149,296	\$ 1,149,296
Proportionate share of the net OPEB asset	(344,629)	-	(344,629)
OPEB expense	(31,677)	52,376	20,699

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(Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 55,265	\$ 55,265
Net difference between projected and actual earnings on OPEB plan investments	206,969	84,871	291,840
Changes of assumptions	88,724	395,482	484,206
Changes in employer's proportionate percentage/ difference between employer contributions	2,378	56,762	59,140
Contributions subsequent to the measurement date	5,209	21,647	26,856
Total deferred outflows of resources	<u>\$ 303,280</u>	<u>\$ 614,027</u>	<u>\$ 917,307</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 49,051	\$ 211,211	\$ 260,262
Changes of assumptions	148,145	740,116	888,261
Changes in employer's proportionate percentage/ difference between employer contributions	6,267	45,778	52,045
Total deferred inflows of resources	<u>\$ 203,463</u>	<u>\$ 997,105</u>	<u>\$ 1,200,568</u>

\$26,856 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/increase to the net OPEB liability in the year ending December 31, 2025.

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2025	\$ (12,249)	\$ (8,996)	\$ (21,245)
2026	15,635	(47,103)	(31,468)
2027	161,107	(25,451)	135,656
2028	(69,885)	(92,782)	(162,667)
2029	-	(100,778)	(100,778)
Thereafter	-	(129,615)	(129,615)
Total	<u>\$ 94,608</u>	<u>\$ (404,725)</u>	<u>\$ (310,117)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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**CITY OF FREMONT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care 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 14.00% for 2023.

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

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's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00 %</u>	

Discount Rate - A single discount rate of 5.70% was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22%. 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) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 189,398	\$ (344,629)	\$ (786,993)

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

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

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ (358,939)	\$ (344,629)	\$ (328,391)

Actuarial Assumptions - OP&F

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

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

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

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%

Health 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.

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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

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	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07%), or one percentage point higher (5.07%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,415,614	\$ 1,149,296	\$ 925,004

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

NOTE 17 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2024.

B. Litigation

The City is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect, if any, on the financial condition of the City.

NOTE 18 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances (not already included in payables) in the governmental funds were as follows:

	Year-End
<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 237,421
Capital Improvement	259,832
Other governmental	<u>610,182</u>
Total	<u>\$ 1,107,435</u>

NOTE 19 - TAX ABATEMENTS

As of December 31, 2024, the City provides tax abatements through two programs: Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone.

**CITY OF FREMONT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the Agreement) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The City has entered into agreements to abate property taxes through these programs. During 2024, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>City Taxes Abated</u>
CRA	\$ 25,258
Ezone	<u>10,800</u>
Total	<u><u>\$ 36,058</u></u>

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**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

NOTE 20 - FUND BALANCE

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

Fund balance	General	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ -	\$ -	\$ 256,979	\$ 256,979
Prepayments	92,451	-	13,268	105,719
Total nonspendable	92,451	-	270,247	362,698
Restricted:				
Capital projects	-	-	17,852	17,852
Transportation projects	-	-	1,059,879	1,059,879
Court projects	-	-	627,608	627,608
Revolving loans	-	-	384,296	384,296
R.L. Walsh trust	-	-	728,682	728,682
Other purposes	-	-	478,663	478,663
Total restricted	-	-	3,296,980	3,296,980
Committed:				
Capital projects	-	3,561,885	997,496	4,559,381
Recreation	-	-	196,904	196,904
Municipal income tax	3,689,560	-	-	3,689,560
Total committed	3,689,560	3,561,885	1,194,400	8,445,845
Assigned:				
General government	55,107	-	-	55,107
Securities of persons and property	107,854	-	-	107,854
Public health and welfare	789	-	-	789
Community environment	2,287	-	-	2,287
Leisure time activities	17,323	-	-	17,323
Economic environment	23,224	-	-	23,224
Recreation trust	5,164	-	-	5,164
Subsequent year appropriations	2,631,201	-	-	2,631,201
Debt service	-	-	257,651	257,651
Total assigned	2,842,949	-	257,651	3,100,600
Total fund balances	\$ 6,624,960	\$ 3,561,885	\$ 5,019,278	\$ 15,206,123

**CITY OF FREMONT
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)**

NOTE 21 - JOINTLY GOVERNED ORGANIZATION

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2024, the City paid RITA \$345,984 for income tax collection services.

**CITY OF FREMONT
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property and other taxes	\$ 964,000	\$ 964,000	\$ 1,090,817	\$ 126,817
Charges for services	29,750	29,750	60,458	30,708
Licenses, permits and fees	15,000	15,000	8,902	(6,098)
Fines, forfeitures, and settlements	285,000	285,000	285,570	570
Intergovernmental	2,546,822	2,546,822	2,523,916	(22,906)
Investment income	600,000	600,000	770,171	170,171
Contributions and donations	260,000	260,000	334,547	74,547
Other	352,000	352,000	348,523	(3,477)
Total revenues	<u>5,052,572</u>	<u>5,052,572</u>	<u>5,422,904</u>	<u>370,332</u>
Expenditures:				
Current:				
General government	2,913,047	3,191,047	2,743,469	(447,578)
Security of persons and property	8,966,476	9,062,476	8,331,818	(730,658)
Public health and welfare	14,776	14,776	8,490	(6,286)
Community environment	229,476	229,976	186,889	(43,087)
Leisure time activity	3,744,901	3,930,901	2,522,192	(1,408,709)
Economic development	206,900	266,900	266,037	(863)
Total expenditures	<u>16,075,576</u>	<u>16,696,076</u>	<u>14,058,895</u>	<u>(2,637,181)</u>
Excess of expenditures over revenues	<u>(11,023,004)</u>	<u>(11,643,504)</u>	<u>(8,635,991)</u>	<u>3,007,513</u>
Other financing sources (uses):				
Sale of capital assets	2,500	2,500	16,163	13,663
Transfers in	8,800,988	8,800,988	9,050,988	250,000
Transfers (out)	(16,000)	(16,000)	(16,000)	-
Total other financing sources	<u>8,787,488</u>	<u>8,787,488</u>	<u>9,051,151</u>	<u>263,663</u>
Net change in fund balance	(2,235,516)	(2,856,016)	415,160	3,271,176
Fund balance at beginning of year	160,233	160,233	160,233	-
Prior year encumbrances appropriated	1,617,868	1,617,868	1,617,868	-
Fund balance (deficit) at end of year	<u>\$ (457,415)</u>	<u>\$ (1,077,915)</u>	<u>\$ 2,193,261</u>	<u>\$ 3,271,176</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.039528%	\$ 10,348,592	\$ 6,547,564	158.05%	79.01%
2023	0.040273%	11,896,662	6,278,657	189.48%	75.74%
2022	0.044059%	3,833,311	6,624,800	57.86%	92.62%
2021	0.042174%	6,245,050	5,922,136	105.45%	86.88%
2020	0.042781%	8,455,955	6,005,021	140.81%	82.17%
2019	0.043960%	12,039,753	5,922,321	203.29%	74.70%
2018	0.043295%	6,792,146	5,707,331	119.01%	84.66%
2017	0.042366%	9,620,598	5,385,900	178.63%	77.25%
2016	0.042701%	7,396,351	5,227,550	141.49%	81.08%
2015	0.042375%	5,110,899	5,606,342	91.16%	86.45%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 923,802	\$ (923,802)	\$ -	\$ 6,598,586	14.00%
2023	916,659	(916,659)	-	6,547,564	14.00%
2022	879,012	(879,012)	-	6,278,657	14.00%
2021	927,472	(927,472)	-	6,624,800	14.00%
2020	829,099	(829,099)	-	5,922,136	14.00%
2019	840,703	(840,703)	-	6,005,021	14.00%
2018	829,125	(829,125)	-	5,922,321	14.00%
2017	741,953	(741,953)	-	5,707,331	13.00%
2016	646,308	(646,308)	-	5,385,900	12.00%
2015	627,306	(627,306)	-	5,227,550	12.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - COMBINED PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
2024	0.033140%	\$ 101,866	\$ 152,175	66.94%	144.55%
2023	0.024527%	57,808	117,014	49.40%	137.14%
2022	0.016220%	63,908	73,943	86.43%	169.88%
2021	0.015784%	45,563	69,564	65.50%	157.67%
2020	0.009177%	19,136	40,850	46.84%	145.28%
2019	0.013636%	15,248	58,321	26.14%	126.64%
2018	0.015831%	21,551	64,838	33.24%	137.28%
2017	0.013653%	7,599	90,375	8.41%	116.55%
2016	0.024830%	12,083	81,633	14.80%	116.90%
2015	0.023261%	8,956	85,025	10.53%	114.83%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 10,431	\$ (10,431)	\$ -	\$ 86,925	12.00%
2023	18,261	(18,261)	-	152,175	12.00%
2022	16,382	(16,382)	-	117,014	14.00%
2021	10,352	(10,352)	-	73,943	14.00%
2020	9,739	(9,739)	-	69,564	14.00%
2019	5,719	(5,719)	-	40,850	14.00%
2018	8,165	(8,165)	-	58,321	14.00%
2017	8,429	(8,429)	-	64,838	13.00%
2016	10,845	(10,845)	-	90,375	12.00%
2015	9,796	(9,796)	-	81,633	12.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - MEMBER DIRECTED PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Asset
2024	0.011220%	\$ 1,252	\$ 82,660	1.51%	134.44%
2023	0.010772%	842	72,990	1.15%	126.74%
2022	0.011590%	2,104	64,530	3.26%	171.84%
2021	0.001691%	308	10,160	3.03%	188.21%
2020	0.001717%	65	10,210	0.64%	118.84%
2019	0.005819%	133	33,270	0.40%	113.42%
2018	0.011238%	392	60,760	0.65%	124.46%
2017	0.011047%	46	103,158	0.04%	103.40%
2016	0.030099%	115	94,308	0.12%	103.91%
2015	n/a	n/a	n/a	n/a	n/a

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 8,678	\$ (8,678)	\$ -	\$ 86,780	10.00%
2023	8,266	(8,266)	-	82,660	10.00%
2022	7,299	(7,299)	-	72,990	10.00%
2021	6,453	(6,453)	-	64,530	10.00%
2020	1,016	(1,016)	-	10,160	10.00%
2019	1,021	(1,021)	-	10,210	10.00%
2018	3,327	(3,327)	-	33,270	10.00%
2017	6,076	(6,076)	-	60,760	10.00%
2016	12,379	(12,379)	-	103,158	12.00%
2015	11,317	(11,317)	-	94,308	12.00%

(1) Amounts presented for each calendar year were determined as of the City's measurement date which is the prior year-end.
n/a - information not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.15740960%	\$ 15,207,940	\$ 4,614,208	329.59%	63.63%
2023	0.16077500%	15,272,067	4,399,751	347.11%	62.90%
2022	0.15998010%	9,994,631	4,302,304	232.31%	75.03%
2021	0.15112960%	10,302,640	3,755,133	274.36%	70.65%
2020	0.15094950%	10,168,765	3,611,861	281.54%	69.89%
2019	0.15282200%	12,474,313	3,506,114	355.79%	63.07%
2018	0.15078500%	9,254,387	3,308,080	279.75%	70.91%
2017	0.15314500%	9,700,058	3,309,112	293.13%	68.36%
2016	0.16453700%	10,584,777	3,244,724	326.22%	66.77%
2015	0.16301960%	8,445,095	3,529,882	239.25%	72.20%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
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Police:

2024	\$ 475,530	\$ (475,530)	\$ -	\$ 2,502,789	19.00%
2023	502,562	(502,562)	-	2,645,063	19.00%
2022	462,779	(462,779)	-	2,435,679	19.00%
2021	476,121	(476,121)	-	2,505,900	19.00%
2020	409,641	(409,641)	-	2,156,005	19.00%
2019	389,916	(389,916)	-	2,052,189	19.00%
2018	382,131	(382,131)	-	2,011,216	19.00%
2017	348,117	(348,117)	-	1,832,195	19.00%
2016	347,013	(347,013)	-	1,826,384	19.00%
2015	348,937	(348,937)	-	1,836,511	19.00%

Fire:

2024	\$ 429,249	\$ (429,249)	\$ -	\$ 1,826,591	23.50%
2023	462,749	(462,749)	-	1,969,145	23.50%
2022	461,557	(461,557)	-	1,964,072	23.50%
2021	422,155	(422,155)	-	1,796,404	23.50%
2020	375,795	(375,795)	-	1,599,128	23.50%
2019	366,523	(366,523)	-	1,559,672	23.50%
2018	351,301	(351,301)	-	1,494,898	23.50%
2017	346,833	(346,833)	-	1,475,885	23.50%
2016	348,441	(348,441)	-	1,482,728	23.50%
2015	330,930	(330,930)	-	1,408,213	23.50%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT AND TEN FISCAL YEARS

Calendar Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.0381850%	\$ (344,629)	\$ 6,782,399	5.08%	107.76%
2023	0.0386500%	243,696	6,468,661	3.77%	94.79%
2022	0.0419450%	(1,313,781)	6,763,273	19.43%	128.23%
2021	0.0398030%	(709,122)	6,001,860	11.82%	115.57%
2020	0.0401790%	5,549,764	6,056,081	91.64%	47.80%
2019	0.0415670%	5,419,356	6,013,912	90.11%	46.33%
2018	0.0412900%	4,483,790	5,832,929	76.87%	54.14%
2017	0.0402860%	4,069,016	5,579,433	72.93%	54.05%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 5,209	\$ (5,209)	\$ -	\$ 6,772,291	0.08%
2023	6,350	(6,350)	-	6,782,399	0.09%
2022	2,920	(2,920)	-	6,468,661	0.05%
2021	2,581	(2,581)	-	6,763,273	0.04%
2020	406	(406)	-	6,001,860	0.01%
2019	408	(408)	-	6,056,081	0.01%
2018	1,331	(1,331)	-	6,013,912	0.02%
2017	60,152	(60,152)	-	5,832,929	1.03%
2016	115,389	(115,389)	-	5,579,433	2.07%
2015	106,184	(106,184)	-	5,403,491	1.97%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT
SANDUSKY COUNTY**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT AND TEN FISCAL YEARS

Calendar Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.15740960%	\$ 1,149,296	\$ 4,614,208	24.91%	51.89%
2023	0.16077500%	1,144,672	4,399,751	26.02%	52.59%
2022	0.15998010%	1,753,520	4,302,304	40.76%	46.86%
2021	0.15112960%	1,601,243	3,755,133	42.64%	45.42%
2020	0.15094950%	1,491,038	3,611,861	41.28%	47.08%
2019	0.15282200%	1,391,679	3,506,114	39.69%	46.57%
2018	0.15078500%	8,543,289	3,308,080	258.26%	14.13%
2017	0.15314500%	7,269,449	3,309,112	219.68%	15.96%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Police:</i>					
2024	\$ 12,514	\$ (12,514)	\$ -	\$ 2,502,789	0.50%
2023	13,225	(13,225)	-	2,645,063	0.50%
2022	12,178	(12,178)	-	2,435,679	0.50%
2021	12,530	(12,530)	-	2,505,900	0.50%
2020	10,780	(10,780)	-	2,156,005	0.50%
2019	10,261	(10,261)	-	2,052,189	0.50%
2018	10,056	(10,056)	-	2,011,216	0.50%
2017	9,161	(9,161)	-	1,832,195	0.50%
2016	9,132	(9,132)	-	1,826,384	0.50%
2015	9,431	(9,431)	-	1,836,511	0.50%
<i>Fire:</i>					
2024	\$ 9,133	\$ (9,133)	\$ -	\$ 1,826,591	0.50%
2023	9,846	(9,846)	-	1,969,145	0.50%
2022	9,820	(9,820)	-	1,964,072	0.50%
2021	8,982	(8,982)	-	1,796,404	0.50%
2020	7,996	(7,996)	-	1,599,128	0.50%
2019	7,798	(7,798)	-	1,559,672	0.50%
2018	7,474	(7,474)	-	1,494,898	0.50%
2017	7,379	(7,379)	-	1,475,885	0.50%
2016	7,414	(7,414)	-	1,482,728	0.50%
2015	7,041	(7,041)	-	1,408,213	0.50%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BUDGETARY PROCESS

While 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 schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the General fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 415,160
Net adjustment for revenue accruals	122,261
Net adjustment for expenditure accruals	581,710
Net adjustment for other sources/uses	(16,163)
Funds budgeted elsewhere	(861,463)
Adjustments for encumbrances	<u>350,400</u>
GAAP Basis	<u>\$ 591,905</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund. This includes the Unclaimed Monies fund, the Recreation Trust fund, and the Municipal Income Tax fund.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Changes in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.
- There were no changes in assumptions for 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

**CITY OF FREMONT
SANDUSKY COUNTY**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) investment rate of return was reduced from 8.25% to 8.00%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66% and (b) the municipal bond rate was increased from 3.16% to 4.13%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed to 4.07% and (b) and the municipal bond rate was changed to 3.38%.

CITY OF FREMONT
SANDUSKY COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Assistance</i>			
Community Facilities Loans and Grants Program	10.766		\$ 1,531,119
Total U.S. Department of Agriculture			1,531,119
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	A-F-23-2BP-1	140,000
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		5,000
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			145,000
Home Investment Partnerships Program	14.239		52,744
Total U.S. Department of Housing and Urban Development			197,744
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through the Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	PID#116580	751,119
Total U.S. Department of Transportation			751,119
U.S. DEPARTMENT OF TREASURY			
<i>Passed through the Ohio Department of Public Safety</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	DPSFE270	9,540
<i>Passed through the Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		298,618
Total U.S. Department of Treasury			308,158
Total Expenditures of Federal Awards			\$ 2,788,140

The accompanying notes are an integral part of this schedule.

**CITY OF FREMONT
SANDUSKY COUNTY**

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

NOTE 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 has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – MATCHING REQUIREMENTS

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

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's local program income account as of December 31, 2024, is \$362,477.

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65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

City of Fremont
Sandusky County
323 South Front Street
Fremont, Ohio 43420-3037

To the City of Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fremont, Sandusky County, 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 September 18, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

September 18, 2025



65 East State Street
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

City of Fremont
Sandusky County
323 South Front Street
Fremont, Ohio 43420-3037

To the City Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Fremont, Sandusky County, Ohio (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City of Fremont's major federal programs for the year ended December 31, 2024. The City of Fremont's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the City of Fremont 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 *Auditor's 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

The City's 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.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

September 18, 2025

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**CITY OF FREMONT
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus State and Local Fiscal Recovery Funds – AL #21.027 Highway Planning and Construction – AL #20.205 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – AL #14.228
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

CITY OF FREMONT

OFFICE OF THE AUDITOR

PAUL D. GRAHL
AUDITOR

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
DECEMBER 31, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Noncompliance with Ohio Rev. Code § 5705.39 due to Capital Improvement fund appropriations exceeding estimated resources.	Partially corrected and repeated in the management letter.	This error was the result of inadequate policies and procedures in monitoring appropriations. The City will more closely monitor appropriations to ensure estimated resources are available to cover appropriations.
2023-002	Noncompliance with Ohio Rev. Code § 5705.41(B) due to Capital Improvement fund expenditures exceeding appropriations.	Fully corrected.	



Terri Meek, Deputy Auditor ♦ Nickee Linder, Account Clerk ♦ Carrie Sielschott, Payroll Administrator

323 South Front Street, Fremont, Ohio 43420 ♦ Phone: 419-334-3867 ♦ Fax: 419-552-5067

www.fremontohio.org

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF FREMONT

SANDUSKY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/25/2025

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