

CITY OF LONDON
MADISON COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2024**



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Columbus, Ohio 43215
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Members of Council
City of London
20 South Walnut Street
London, Ohio 43140

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

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

KEITH FABER
Ohio Auditor of State

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

January 12, 2026

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**CITY OF LONDON
MADISON COUNTY, OHIO**

FOR THE YEAR ENDED DECEMBER 31, 2024

TABLE OF CONTENTS

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds.....	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to the Basic Financial Statements	22 - 68
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability/Net Pension Asset:	
Ohio Public Employees Retirement System (OPERS)	70
Ohio Police and Fire Pension Fund (OP&F)	71
Schedule of City Pension Contributions:	
Ohio Public Employees Retirement System (OPERS)	72
Ohio Police and Fire Pension Fund (OP&F)	73
Schedule of the City's Proportionate Share of the Net OPEB Liability/Net OPEB Asset:	
Ohio Public Employees Retirement System (OPERS)	74
Ohio Police and Fire Pension Fund (OP&F)	75
Schedule of City OPEB Contributions:	
Ohio Public Employees Retirement System (OPERS)	76
Ohio Police and Fire Pension Fund (OP&F).....	77
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) -	
General Fund.....	78
Fire Department Fund	79
Street Construction Fund.....	80
Notes to Required Supplementary Information	81 - 86
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	
	87 - 88
Schedule of Findings and Responses.....	89 - 90
Summary Schedule of Prior Audit Findings.....	91

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Independent Auditor's Report

City of London
Madison County
20 South Walnut Street
London, Ohio 43140

To the Members of Council and Mayor:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Unmodified
General Fund	Unmodified
Fire Department Fund	Unmodified
Street Construction Fund	Unmodified
Capital Improvements Fund	Unmodified
Water Fund	Unmodified
Sewer Fund	Unmodified
Sanitation Fund	Unmodified
Aggregate Remaining Fund Information	Qualified

Qualified Opinions on Governmental Activities and Aggregate Remaining Fund Information

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and aggregate remaining fund information of the City of London, as of December 31, 2024, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Business-type Activities, General Fund, Fire Department Fund, Street Construction Fund, Capital Improvements Fund, Water Fund, Sewer Fund, and Sanitation Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, general fund, fire department fund, street construction fund, capital improvements fund, water fund, sewer fund, and sanitation fund of the City of London, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America. 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 of London, 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 qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions on Governmental Activities and Aggregate Remaining Fund Information

The City of London contracts with a third-party administrator to process health insurance claims. The health insurance claim expenses are recorded in the Internal Service Fund, which is included in both the governmental activities and aggregate remaining funds. The third-party administrator did not obtain a Service Organization Control 1 Type II Report. Additionally, the City of London did not perform alternative procedures to evaluate the effectiveness of the third-party administrator's internal controls over claims processing, therefore we were unable to obtain sufficient appropriate audit evidence to reasonably assure that health insurance claims were completely processed in accordance with the contract. Claims from the third-party administrator represented 11% of expenses and 0.8% of liabilities within the governmental activities and 79% of expenses and 61% of liabilities within the aggregate remaining fund information. The amount by which this departure would affect the expenses and liabilities of the governmental activities and aggregate remaining fund information has not been determined.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the City of London restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences". Our opinions are not modified with respect to this matter.

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 of London'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 generally accepted auditing standards 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.

City of London
Madison County
Independent Auditor's Report

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2025 on our consideration of the City of London's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of London'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 of London's internal control over financial reporting and compliance.



Julian & Grube, Inc.
August 25, 2025

City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$14.8 million (net position).
- The City's net position decreased by approximately \$20.6 million in 2024. This change is the result of an approximate decrease of \$.9 million in governmental activities net position and an increase of an approximate \$19.6 million in business-type activities net position.
- For governmental activities, general revenues accounted for approximately \$11 million, or 82 percent of total revenues, and program specific revenues accounted for the remaining 18 percent, or approximately \$2.4 million.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$12.9 million, an approximate \$1.1 million increase in comparison with the prior year. Of this amount, approximately \$3.7 million is available for spending at the City's discretion (unassigned fund balance).
- At the close of the current fiscal year, unassigned fund balance for the General Fund was approximately \$3.7 million, or 70 percent of General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

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

City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

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

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

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. The City has no fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains various individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Fire Department Fund, Street Construction, and Capital improvements, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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 treatment and distribution, sewage collection, and sanitation. Internal service funds are used to report activities that provide services to the City's other funds and departments.

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

City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

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. The notes to the financial statements can be found following the financial statements.

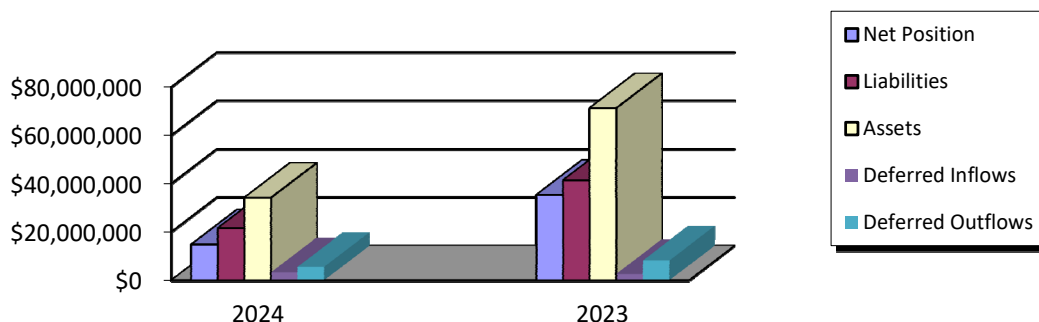
Other Information - In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and the budgetary basis schedules. This required supplementary information can be found following the footnotes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides the perspective of the City as a whole. For the table below, amounts for 2024 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 17) while amounts for 2023 have been presented in accordance with previous guidance. The table below provides a summary of the City's net position at December 31, 2024 compared to December 31, 2023.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and Other Assets	\$16,343,172	\$14,906,149	\$2,842,055	\$9,813,872	\$19,185,227	\$24,720,021
Capital Assets	14,450,231	15,172,434	1,059,013	31,337,147	15,509,244	46,509,581
Net OPEB Asset	128,270	0	22,686	0	150,956	0
Total Assets	30,921,673	30,078,583	3,923,754	41,151,019	34,845,427	71,229,602
Deferred Outflows of Resources	5,351,082	6,884,946	214,726	1,285,305	5,565,808	8,170,251
Liabilities:						
Other Liabilities	792,492	631,069	763,506	361,802	1,555,998	992,871
Long-Term Liabilities	19,901,443	20,470,034	843,932	20,028,881	20,745,375	40,498,915
Total Liabilities	20,693,935	21,101,103	1,607,438	20,390,683	22,301,373	41,491,786
Total Deferred Inflows of Resources	3,206,502	2,572,357	105,061	67,354	3,311,563	2,639,711
Net Position:						
Net Investment In Capital Assets	10,951,171	11,078,834	989,633	14,258,704	11,940,804	25,337,538
Restricted	6,470,875	5,285,380	22,686	0	6,493,561	5,285,380
Unrestricted	(5,049,728)	(3,074,145)	1,413,662	7,719,583	(3,636,066)	4,645,438
Total Net Position	\$12,372,318	\$13,290,069	\$2,425,981	\$21,978,287	\$14,798,299	\$35,268,356



City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$14.8 million at the close of the most recent fiscal year.

Governmental Activities – The decrease in capital assets is due current year depreciation expense exceeding current year additions. The increase in total long-term liabilities is due to an increase in net pension liability compared to the prior year.

Business-Type Activities – The decrease in capital assets and long-term liabilities is due to the City transferring the City's water and sewer operations, assets, and liabilities to Mid-Ohio Water and Sewer District during 2024.

Governmental and Business-Type Activities – The net pension and net OPEB liabilities and related deferred outflows and inflows of resources all fluctuated significantly in comparison with the prior year due to market fluctuations and changes in assumptions.

By far the largest portion of the City's net position (approximately \$11.3 million) reflects its investment in capital assets (e.g. lands, buildings and improvements, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (approximately \$6.5 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (approximately (\$3.0) million) may be used to meet the City's ongoing obligations to citizens and creditors.

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City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

The table on the following page shows the changes in net position for fiscal year 2024 and 2023. During 2024, the City implemented GASB Statement No. 101 (see Note 17). The implementation has been reported as a change in accounting principle. The table on the following page provides a summary of the change in net position from 2023 to 2024.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Charges for Services	\$1,357,187	\$1,043,790	\$1,985,828	\$7,936,088	\$3,343,015	\$8,979,878
Operating Grants and Contributions	929,239	827,730	0	0	929,239	827,730
Capital Grants and Contributions	137,556	0	0	0	137,556	0
Total Program Revenues	2,423,982	1,871,520	1,985,828	7,936,088	4,409,810	9,807,608
General Revenues:						
Property Taxes	968,521	837,617	0	0	968,521	837,617
Revenue in Lieu of Taxes	417,413	329,381	0	0	417,413	329,381
Income Taxes	8,692,168	8,287,311	0	0	8,692,168	8,287,311
Grants and Entitlements, Not Restricted	710,704	320,747	0	0	710,704	320,747
Unrestricted Contributions	7,000	7,500	0	0	7,000	7,500
Investment Earnings	12,551	238	0	100	12,551	338
Other Revenues	313,184	424,825	21,673	387,675	334,857	812,500
Special Item	0	0	(19,288,233)	0	(19,288,233)	0
Total General Revenues	11,121,541	10,207,619	(19,266,560)	387,775	(8,145,019)	10,595,394
Total Revenues	13,545,523	12,079,139	(17,280,732)	8,323,863	(3,735,209)	20,403,002
Program Expenses:						
General Government	2,642,619	2,809,987	0	0	2,642,619	2,809,987
Public Safety	8,343,328	8,071,695	0	0	8,343,328	8,071,695
Transportation and Street Repair	2,607,218	1,920,836	0	0	2,607,218	1,920,836
Community Development	158,453	187,519	0	0	158,453	187,519
Leisure Time Activities	616,678	505,318	0	0	616,678	505,318
Interest and Other Charges	91,609	103,895	0	0	91,609	103,895
Water	0	0	291,828	2,949,515	291,828	2,949,515
Sewer	0	0	497,739	3,751,387	497,739	3,751,387
Sanitation	0	0	1,566,205	1,477,894	1,566,205	1,477,894
Total Program Expenses	14,459,905	13,599,250	2,355,772	8,178,796	16,815,677	21,778,046
Change in Net Position	(914,382)	(1,520,111)	(19,636,504)	145,067	(20,550,886)	(1,375,044)
Net Position - Beginning of Year, Restated	13,286,700	14,810,180	22,062,485	21,833,220	35,268,356	36,643,400
Net Position - End of Year	\$12,372,318	\$13,290,069	\$2,425,981	\$21,978,287	\$14,717,470	\$35,268,356

Governmental Activities – Governmental activities decreased the City's net position by approximately \$0.9 million. This decrease is primarily the result of an increase in Security of Persons and Property expense during the year.

Business-Type Activities – Business-type activities decreased the City's net position by approximately \$19.6 million. This decrease is primarily the result of a transferring Water and Sewer operations to Mid-Ohio Water and Sewer District during the year.

City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

Total Expenses in the Governmental Activities increased when compared to the prior year. This increase is primarily the result of changes related to the net pension and OPEB liabilities. Total Expenses in the Business-Type Activities decreased. This decrease is primarily the result of a decrease in contractual services and depreciation expense.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows 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 entitlements.

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Functions/Programs				
Government Activities:				
General Government	(\$2,642,619)	(\$2,809,987)	(\$2,189,723)	(\$2,802,966)
Public Safety	(8,343,328)	(8,071,695)	(7,664,696)	(7,447,319)
Transportation and Street Repair	(2,607,218)	(1,920,836)	(1,665,227)	(1,112,156)
Community Development	(158,453)	(187,519)	(6,612)	134,665
Leisure Time Activities	(616,678)	(505,318)	(418,056)	(396,059)
Interest and Other Charges	(91,609)	(103,895)	(91,609)	(103,895)
Total Government Activities	<u>(14,459,905)</u>	<u>(13,599,250)</u>	<u>(12,035,923)</u>	<u>(11,727,730)</u>
Business-Type Activities:				
Water	(291,828)	(2,949,515)	(55,331)	(68,626)
Sewer	(497,739)	(3,751,387)	(232,875)	(57,908)
Sanitation	(1,566,205)	(1,477,894)	(81,738)	(116,174)
Total Business-Type Activities	<u>(2,355,772)</u>	<u>(8,178,796)</u>	<u>(369,944)</u>	<u>(242,708)</u>
Grand Total	<u>(\$16,815,677)</u>	<u>(\$21,778,046)</u>	<u>(\$12,405,867)</u>	<u>(\$11,970,438)</u>

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$12.9 million, an increase of \$1.1 million from the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2024 and 2023.

City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

	Fund Balance 12/31/2024	Fund Balance 12/31/2023	Increase (Decrease)
General Fund	\$4,915,067	\$4,827,113	\$87,954
Fire Department Fund	1,606,309	1,289,941	\$316,368
Street Construction Fund	1,799,906	1,683,467	\$116,439
Capital Improvement Fund	1,281,484	1,038,606	\$242,878
Other Governmental Funds	3,258,684	2,921,250	\$337,434
Total	<u>\$12,861,450</u>	<u>\$11,760,377</u>	<u>\$1,101,073</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was approximately \$3.7 million, 75% of the total fund balance. The fund balance of the City's General Fund increased \$87,954 during the current fiscal year, or 2%, from the previous year. This increase represents the amount in which General Fund receipts exceeded expenditures and transfers out during the year.

The fund balance in the Fire Department Fund increased \$316,368 during the fiscal year. This increase is due to an increase in income taxes revenue when compared to the prior year.

The fund balance in the Street Construction Fund increased \$116,439 during the fiscal year. This increase is due to an increase in transfer in from the General Fund when compared to the prior year.

The fund balance in the Capital Improvements Fund increased \$242,878 during the fiscal year. This increase is due to an increase in transfer in from the General Fund when compared to the prior year.

Proprietary Funds - The City's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. Unrestricted net position at the end of the year amounted to approximately \$0, approximately \$1.7 million, approximately \$0.4 million, approximately \$0.17 million in the Water, Sewer, Sanitation, and Internal Service funds, respectively. The change in net position was a decrease of \$7.7 million in the Water Fund, a decrease of approximately \$11.9 million in the Sewer Fund, a decrease of \$0.07 million in the Sanitation Fund, and a decrease of approximately \$0.18 million in the Internal Service Fund.

The decrease in the Water Fund and Sewer Fund is the result of transferring operations to Mid-Ohio Water and Sewer District. The decrease in the Sanitation Fund is primarily the result of operating loss of approximately \$0.07 million. The City entered into an agreement for Mid-Ohio Water and Sewer District to assume all water and sewer operations in the city beginning in 2024.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2024, the City amended its General Fund budget on various occasions. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews

City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

them, and they make their recommendation to the Council as a whole. For the General Fund, actual revenues exceeded the final revenue and other financing sources budget due to the city receiving more income tax receipts than budgeted.

Actual budgetary expenditures and other financing uses were \$7,772,102, or 7 percent, less than final appropriations. The final appropriations were slightly greater than the original appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2024, amounts to approximately \$15.5 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, building and improvements, equipment, and infrastructure. The City's net capital asset balance decreased approximately \$31.7 million during the year. This decrease is due to transferring Water and Sewer operations to Mid-Ohio Water and Sewer District. during the year.

Detailed information regarding capital asset activity is included in Notes 8 and 18 to the basic financial statements.

Debt

At the end of the current fiscal year, the City had total debt outstanding of approximately \$4.6 million, a decrease of approximately \$17.6 million in comparison with the prior year. This decrease represents transferring Water and Sewer operations to Mid-Ohio Water and Sewer District. during the year.

Detailed information regarding long-term debt is included in Note 13 to the basic financial statements.

ECONOMIC OUTLOOK

The City of London, Ohio, benefits from its long-standing reputation for a skilled and reliable workforce, supporting a robust industrial sector. Its strategic location in central Ohio further enhances its appeal to businesses and residents seeking a balance between rural and urban lifestyles. Proactive leadership is evident through the partnership with Madison County Future Inc., the Community Improvement Corporation {CIC} for the county, which focuses on advancing economic development through business development and community projects. This collaboration, along with the efforts of a dedicated Economic Development Coordinator, aims to foster growth and prosperity in the region.

The Madison County Chamber of Commerce actively supports London's business environment, focusing on new growth, development, and redevelopment. A key area of focus is the revitalization of downtown London, where new investments are fostering small business opportunities. Complementing these efforts, the City of London is currently in the process of reworking its Comprehensive Plan. This updated plan will serve as a crucial framework for guiding future development and ensuring sustainable growth within the city. London's economy is strengthened by its resilient industrial sector, attracting new investments such as manufacturing facilities. The city's designation as a Community Reinvestment Area {CRA} provides tax exemptions for property owners undertaking renovations or new construction, further incentivizing

City of London, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2024
(Unaudited)

investment in key areas like the historic downtown and the SR-142 corridor. These efforts demonstrate a commitment to attracting and retaining businesses, contributing to the city's economic vitality. Recognizing the importance of a future-ready workforce, London maintains strong partnerships with educational institutions like the Tolles Career & Technical Center and London City Schools, offering tailored training in high-demand fields. This focus on workforce development ensures that the local talent pool remains competitive. Furthermore, the city has successfully secured significant grant funding for essential infrastructure upgrades, including improvements to storm sewers, roads, and bridges. These investments are crucial for supporting the city's current needs and accommodating anticipated growth. Looking ahead, London anticipates considerable residential growth and aligns its economic development strategies with the broader goals of Madison County. These county-wide objectives include doubling the manufacturing payroll, increasing population, and raising per capita income within the next five years. By capitalizing on its strategic location within the growing Columbus Region and actively pursuing a balanced approach to development that honors its heritage while planning for the future, the City of London is well-positioned for continued economic growth and prosperity.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kenna Combs, Auditor of City of London, Ohio, 20 S Walnut Street Ste. 101, London, OH 43140.

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City of London, Ohio
Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$12,557,943	\$2,535,686	\$15,093,629
Cash and Cash Equivalents with Fiscal Agent	56,890	0	56,890
Receivables (Net):			
Taxes	2,717,512	0	2,717,512
Accounts	168,333	220,898	389,231
Intergovernmental	630,551	0	630,551
Lease	0	53,877	53,877
Special Assessments	37,008	0	37,008
Inventory	29,595	16,191	45,786
Prepaid Items	145,340	15,403	160,743
Nondepreciable Capital Assets	728,307	786,007	1,514,314
Depreciable Capital Assets, Net	13,721,924	273,006	13,994,930
Net OPEB Asset	128,270	22,686	150,956
Total Assets	30,921,673	3,923,754	34,845,427
Deferred Outflows of Resources:			
Deferred Charge on Refunding Pension	114,851	0	114,851
OPEB	4,575,029	193,289	4,768,318
	661,202	21,437	682,639
Total Deferred Outflows of Resources	5,351,082	214,726	5,565,808
Liabilities:			
Accounts Payable	153,933	60,971	214,904
Accrued Wages and Benefits	385,552	16,430	401,982
Contracts Payable	0	686,047	686,047
Accrued Interest Payable	10,585	58	10,643
Claims Payable	161,000	0	161,000
Deposits Held and Due to Others	4,223	0	4,223
Intergovernmental Payable	77,199	0	77,199
Long-Term Liabilities:			
Due Within One Year	911,372	125,918	1,037,290
Due In More Than One Year			
Net Pension Liability	14,680,916	672,160	15,353,076
Net OPEB Liability	822,256	0	822,256
Other Amounts	3,486,899	45,854	3,532,753
Total Liabilities	20,693,935	1,607,438	22,301,373
Deferred Inflows of Resources:			
Property and Other Taxes	1,157,527	0	1,157,527
Lease	0	53,934	53,934
Pension	1,197,359	38,146	1,235,505
OPEB	851,616	12,981	864,597
Total Deferred Inflows of Resources	3,206,502	105,061	3,311,563
Net Position:			
Net Investment in Capital Assets	10,951,171	989,633	11,940,804
Restricted for:			
Debt Service	1,012,972	0	1,012,972
Capital Projects	52,676	0	52,676
Street Improvements	2,632,566	0	2,632,566
Public Safety	1,876,067	0	1,876,067
Community Development	253,713	0	253,713
State Highway	293,321	0	293,321
Net OPEB Asset	128,270	22,686	150,956
Other Purposes	221,290	0	221,290
Unrestricted	(5,049,728)	1,413,662	(3,636,066)
Total Net Position	\$12,372,318	\$2,425,981	\$14,798,299

See accompanying notes to the basic financial statements.

City of London, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating Grants	Capital Grants	Governmental	Business-Type	Total
	Expenses	Services and Sales	and Contributions	and Contributions	Activities	Activities	
Governmental Activities:							
General Government	\$2,642,619	\$452,896	\$0	\$0	(\$2,189,723)	\$0	(\$2,189,723)
Public Safety	8,343,328	553,499	125,133	0	(7,664,696)	0	(7,664,696)
Community Development	158,453	151,841	0	0	(6,612)	0	(6,612)
Leisure Time Activities	616,678	198,622	0	0	(418,056)	0	(418,056)
Transportation and Street Repair	2,607,218	329	804,106	137,556	(1,665,227)	0	(1,665,227)
Interest and Other Charges	91,609	0	0	0	(91,609)	0	(91,609)
Total Governmental Activities	14,459,905	1,357,187	929,239	137,556	(12,035,923)	0	(12,035,923)
Business-Type Activities:							
Water	291,828	236,497	0	0	0	(55,331)	(55,331)
Sewer	497,739	264,864	0	0	0	(232,875)	(232,875)
Sanitation	1,566,205	1,484,467	0	0	0	(81,738)	(81,738)
Total Business-Type Activities	2,355,772	1,985,828	0	0	0	(369,944)	(369,944)
Totals	\$16,815,677	\$3,343,015	\$929,239	\$137,556	(12,035,923)	(369,944)	(12,405,867)
General Revenues:							
Income Taxes Levied for:							
General Purposes					5,853,727	0	5,853,727
Other Purposes					2,838,441	0	2,838,441
Property Taxes Levied for:							
General Purposes					761,157	0	761,157
Other Purposes					207,364	0	207,364
Grants and Entitlements, Not Restricted					710,704	0	710,704
Revenue in Lieu of Taxes					417,413	0	417,413
Unrestricted Contributions					7,000	0	7,000
Investment Earnings					12,551	0	12,551
Other Revenues					313,184	21,673	334,857
Total General Revenues					11,121,541	21,673	11,143,214
Special Item					0	(19,288,233)	(19,288,233)
Change in Net Position					(914,382)	(19,636,504)	(20,550,886)
Net Position-Beginning of Year, As Previously Reported					13,290,069	21,978,287	35,268,356
Change in Accounting Principal					(3,369)	84,198	80,829
Net Position - Beginning of Year, Restated					13,286,700	22,062,485	35,349,185
Net Position - End of Year					\$12,372,318	\$2,425,981	\$14,798,299

See accompanying notes to the basic financial statements.

City of London, Ohio
Balance Sheet
Governmental Funds
December 31, 2024

	General	Fire Department	Street Construction	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Investments	\$4,540,452	\$1,519,101	\$1,682,545	\$1,281,175	\$3,203,140	\$12,226,413
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0	56,890	56,890
Receivables (Net):						
Taxes	1,690,720	600,538	0	87,756	338,498	2,717,512
Accounts	117,580	50,668	0	0	85	168,333
Intergovernmental	92,747	10,663	294,037	122,880	110,224	630,551
Special Assessments	0	0	0	0	37,008	37,008
Inventory	0	0	29,595	0	0	29,595
Prepaid Items	74,166	48,845	22,329	0	0	145,340
Total Assets	6,515,665	2,229,815	2,028,506	1,491,811	3,745,845	16,011,642
Liabilities:						
Accounts Payable	67,628	12,660	4,293	49,122	20,230	153,933
Accrued Wages and Benefits	161,861	174,502	26,041	0	23,148	385,552
Deposits Held and Due to Others	4,223	0	0	0	0	4,223
Intergovernmental Payable	51,466	25,733	0	0	0	77,199
Total Liabilities	285,178	212,895	30,334	49,122	43,378	620,907
Deferred Inflows of Resources:						
Property and Other Taxes	727,581	96,725	0	0	370,229	1,194,535
Unavailable Revenue	587,839	313,886	198,266	161,205	73,554	1,334,750
Total Deferred Inflows of Resources	1,315,420	410,611	198,266	161,205	443,783	2,529,285
Fund Balances:						
Nonspendable	74,166	48,845	51,924	0	0	174,935
Restricted	0	1,557,464	1,747,982	0	2,632,918	5,938,364
Committed	0	0	0	1,281,484	0	1,281,484
Assigned	1,130,389	0	0	0	625,766	1,756,155
Unassigned	3,710,512	0	0	0	0	3,710,512
Total Fund Balances	4,915,067	1,606,309	1,799,906	1,281,484	3,258,684	12,861,450
Total Liabilities, Deferred Inflows and Fund Balances	\$6,515,665	\$2,229,815	\$2,028,506	\$1,491,811	\$3,745,845	\$16,011,642

See accompanying notes to the basic financial statements.

City of London, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2024

Total Governmental Fund Balance		\$12,861,450
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds		14,450,231
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Income Taxes	\$772,928	
Delinquent Property Taxes	18,302	
Intergovernmental	472,839	
Other Receivables	107,689	
		<u>1,371,758</u>

An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Internal Service Net Position		170,530
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In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.

	(10,585)
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Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.

Compensated Absences	(784,360)
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Deferred outflow of resources associated with long-term liabilities are not reported in the funds.

114,851

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	4,575,029	
Deferred inflows of resources related to pensions	(1,197,359)	
Deferred outflows of resources related to OPEB	661,202	
Deferred inflows of resources related to OPEB	(851,616)	
		<u>3,187,256</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Net OPEB Asset	128,270	
Net Pension Liability	(14,680,916)	
Net OPEB Liability	(822,256)	
Other Amounts	(3,613,911)	
		<u>(18,988,813)</u>

Net Position of Governmental Activities		<u>\$12,372,318</u>
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See accompanying notes to the basic financial statements.

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

	General	Fire Department	Street Construction	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property and Other Taxes	\$760,068	\$103,526	\$0	\$0	\$103,526	\$967,120
Income Taxes	5,260,535	2,846,693	0	537,266	0	8,644,494
Charges for Services	137,274	553,261	0	0	0	690,535
Investment Earnings	294,124	0	0	0	0	294,124
Intergovernmental	709,446	117,862	615,672	0	205,244	1,648,224
Special Assessments	0	0	0	0	49,951	49,951
Fines, Licenses & Permits	231,133	0	0	0	1,565	232,698
Revenue in Lieu of Taxes	0	0	0	0	432,089	432,089
Other Revenues	132,995	50,673	37,806	0	130,460	351,934
Total Revenues	7,525,575	3,672,015	653,478	537,266	922,835	13,311,169
Expenditures:						
Current:						
General Government	2,000,471	0	0	0	7,280	2,007,751
Public Safety	2,732,745	3,491,959	0	0	298,294	6,522,998
Community Development	116,323	0	0	0	42,130	158,453
Leisure Time Activities	483,875	0	0	0	0	483,875
Transportation and Street Repair	0	0	731,726	0	151,047	882,773
Capital Outlay	0	0	0	1,466,833	0	1,466,833
Debt Service:						
Principal	0	47,104	0	98,555	469,762	615,421
Interest and Other Charges	0	16,584	0	0	55,408	71,992
Total Expenditures	5,333,414	3,555,647	731,726	1,565,388	1,023,921	12,210,096
Excess of Revenues Over (Under) Expenditures	2,192,161	116,368	(78,248)	(1,028,122)	(101,086)	1,101,073
Other Financing Sources (Uses):						
Transfers In	0	200,000	194,687	1,271,000	438,520	2,104,207
Transfers (Out)	(2,104,207)	0	0	0	0	(2,104,207)
Total Other Financing Sources (Uses)	(2,104,207)	200,000	194,687	1,271,000	438,520	0
Net Change in Fund Balance	87,954	316,368	116,439	242,878	337,434	1,101,073
Fund Balance-Beginning of Year, As Previously Reported	4,827,113	1,289,941	0	0	5,643,323	11,760,377
Change within Financial Reporting Entity (Nonmajor to Major Fund)	0	0	1,683,467	1,038,606	(2,722,073)	0
Fund Balance-Beginning of Year, As Adjusted	4,827,113	1,289,941	1,683,467	1,038,606	2,921,250	11,760,377
Fund Balance - End of Year	\$4,915,067	\$1,606,309	\$1,799,906	\$1,281,484	\$3,258,684	\$12,861,450

See accompanying notes to the basic financial statements.

City of London, Ohio
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2024

Net Change in Fund Balance - Total Governmental Funds	\$1,101,073
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Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital asset additions as expenditures.
However, in the statement of activities, the cost of those assets is
allocated over their estimated useful lives as depreciation
expense. This is the amount of the difference between capital
asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$800,533	
Depreciation Expense	<u>(1,488,706)</u>	
		(688,173)

Governmental funds only report the disposal of assets to the
extent proceeds are received from the sale. In the statement
of activities, a gain or loss is reported for each disposal. The
amount of the proceeds must be removed and the gain or loss
on the disposal of capital assets must be recognized. This is the
amount of the difference between the proceeds and the gain or loss.

(34,030)

Governmental funds report City pension and OPEB contributions as
expenditures. However in the Statement of Activities, the cost
of pension and OPEB benefits earned net of employee contributions are
reported as pension and OPEB expense.

City pension contributions	965,360	
City pension expense	(2,804,717)	
City OPEB contributions	16,822	
City OPEB expense	<u>7,149</u>	
		(1,815,386)

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

Income Taxes	47,674	
Delinquent Property Taxes	1,401	
Intergovernmental	119,220	
Other	<u>66,059</u>	
		234,354

Repayment of principal is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net position.

615,421

In the statement of activities interest expense is accrued when incurred;
whereas, in governmental funds an interest expenditure is reported
when due.

1,264

Some expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Compensated Absences	(128,547)	
Amortization of Deferred Charge on Refunding	<u>(20,881)</u>	
		(149,428)

The internal service fund used by management to charge back costs
to individual funds is not reported in the entity-wide statement of
activities. Governmental fund expenditures and the related internal
service fund revenues are eliminated. The net revenue (expense) of
the internal service fund is allocated among the governmental activities.

Change in Net Position - Internal Service Funds	<u>(179,477)</u>
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Change in Net Position of Governmental Activities	<u><u>(\$914,382)</u></u>
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See accompanying notes to the basic financial statements.

City of London, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Sanitation	Total Business-Type Activities	
Current Assets:					
Equity in Pooled Cash and Investments	\$0	\$1,612,788	\$922,898	\$2,535,686	\$331,530
Receivables (Net):					
Accounts	0	101,359	119,539	220,898	0
Lease	0	0	53,877	53,877	0
Inventory	0	0	16,191	16,191	0
Prepaid Items	0	0	15,403	15,403	0
Total Current Assets	0	1,714,147	1,127,908	2,842,055	331,530
Noncurrent Assets:					
Capital Assets:					
Nondepreciable Capital Assets	0	686,047	99,960	786,007	0
Depreciable Capital Assets, Net	0	0	273,006	273,006	0
Net OPEB Asset	0	0	22,686	22,686	0
Total Noncurrent Assets	0	686,047	395,652	1,081,699	0
Total Assets	0	2,400,194	1,523,560	3,923,754	331,530
Deferred Outflows of Resources:					
Pension	0	0	193,289	193,289	0
OPEB	0	0	21,437	21,437	0
Total Deferred Outflows of Resources	0	0	214,726	214,726	0
Liabilities:					
Current Liabilities:					
Accounts Payable	0	660	60,311	60,971	0
Accrued Wages and Benefits	0	0	16,430	16,430	0
Compensated Absences	0	0	56,538	56,538	0
Contracts Payable	0	686,047	0	686,047	0
Accrued Interest Payable	0	0	58	58	0
Claims Payable	0	0	0	0	161,000
Long-Term Liabilities Due Within One Year	0	0	69,380	69,380	0
Total Current Liabilities	0	686,707	202,717	889,424	161,000
Long-Term Liabilities:					
Compensated Absences	0	0	45,854	45,854	0
Net Pension Liability	0	0	672,160	672,160	0
Total Noncurrent Liabilities	0	0	718,014	718,014	0
Total Liabilities	0	686,707	920,731	1,607,438	161,000
Deferred Inflows of Resources:					
Lease	0	0	53,934	53,934	0
Pension	0	0	38,146	38,146	0
OPEB	0	0	12,981	12,981	0
Total Deferred Inflows of Resources	0	0	105,061	105,061	0
Net Position:					
Net Investment in Capital Assets	0	686,047	303,586	989,633	0
Restricted for:					
Net OPEB Asset	0	0	22,686	22,686	0
Unrestricted	0	1,027,440	386,222	1,413,662	170,530
Total Net Position	\$0	\$1,713,487	\$712,494	\$2,425,981	\$170,530

See accompanying notes to the basic financial statements.

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

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Sanitation	Total Business-Type Activities	
Operating Revenues:					
Charges for Services	\$236,497	\$264,864	\$1,484,467	\$1,985,828	\$1,228,694
Other Revenues	0	8,396	13,277	21,673	184,457
Total Operating Revenues	236,497	273,260	1,497,744	2,007,501	1,413,151
Operating Expenses:					
Personal Services	166,994	116,976	595,049	879,019	0
Contractual Services	124,834	228,525	767,484	1,120,843	0
Materials and Supplies	0	152,238	55,344	207,582	0
Depreciation	0	0	145,913	145,913	0
Claims Expense	0	0	0	0	1,592,628
Total Operating Expenses	291,828	497,739	1,563,790	2,353,357	1,592,628
Operating Income	(55,331)	(224,479)	(66,046)	(345,856)	(179,477)
Non-Operating Revenues (Expenses):					
Interest and Fiscal Charges	0	0	(2,415)	(2,415)	0
Total Non-Operating Revenues (Expenses)	0	0	(2,415)	(2,415)	0
Income (Loss) Before Special Item	(55,331)	(224,479)	(68,461)	(348,271)	(179,477)
Special Item	(7,618,870)	(11,669,363)	0	(19,288,233)	0
Change in Net Position	(7,674,201)	(11,893,842)	(68,461)	(19,636,504)	(179,477)
Net Position-Beginning of Year, As Previously Reported	7,579,941	13,570,529	827,817	21,978,287	350,007
Change in Accounting Principal	94,260	36,800	(46,862)	84,198	0
Net Position - Beginning of Year, Restated	7,674,201	13,607,329	780,955	22,062,485	350,007
Net Position - End of Year	\$0	\$1,713,487	\$712,494	\$2,425,981	\$170,530

See accompanying notes to the basic financial statements.

City of London, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2024

	Business-Type Activities -Enterprise Funds				Governmental Activities- Internal Service Funds
	Water	Sewer	Sanitation	Total Business-Type Activities	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$410,260	\$875,635	\$1,403,482	\$2,689,377	\$1,413,151
Cash Payments to Employees	(194,007)	(125,593)	(474,705)	(794,305)	0
Cash Payments to Suppliers	(143,865)	(377,257)	(784,480)	(1,305,602)	0
Cash Payments for Claims	0	0	0	0	(1,571,628)
Net Cash Provided (Used) by Operating Activities	72,388	372,785	144,297	589,470	(158,477)
Cash Flows from Noncapital Financing Activities:					
Payments to Other Funds	(3,212,598)	(2,930,663)	0	(6,143,261)	0
Net Cash Provided (Used) by Noncapital Financing Activities	(3,212,598)	(2,930,663)	0	(6,143,261)	0
Cash Flows from Capital and Related Financing Activities:					
Payments for Capital Acquisitions	0	0	(11,626)	(11,626)	0
Debt Principal Payments	0	0	(102,351)	(102,351)	0
Debt Interest Payments	0	0	(2,500)	(2,500)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	(116,477)	(116,477)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(3,140,210)	(2,557,878)	27,820	(5,670,268)	(158,477)
Cash and Cash Equivalents - Beginning of Year	3,140,210	4,170,666	895,078	8,205,954	490,007
Cash and Cash Equivalents - End of Year	0	1,612,788	922,898	2,535,686	331,530
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	(55,331)	(224,479)	(66,046)	(345,856)	(179,477)
Adjustments:					
Depreciation	0	0	145,913	145,913	0
Changes in Assets & Liabilities:					
(Increase) Decrease in Receivables	335,738	602,375	(148,196)	789,917	0
(Increase) Decrease in Inventory	480,089	7,523	6,384	493,996	0
(Increase) Decrease in Deferred Outflows of Resources	0	0	84,600	84,600	0
(Increase) Decrease in Prepaids	11,724	10,778	(4,866)	17,636	0
(Increase) Decrease in Net OPEB Asset	0	0	(22,686)	(22,686)	0
Increase (Decrease) in Net OPEB Liability	0	0	(13,235)	(13,235)	0
Increase (Decrease) in Payables	(35,171)	(4,534)	21,793	(17,912)	0
Increase (Decrease) in Accrued Liabilities	(664,661)	(18,878)	14,191	(669,348)	0
Increase (Decrease) in Deferred Inflows of Resources	0	0	89,375	89,375	0
Increase (Decrease) in Net Pension Liability	0	0	37,070	37,070	0
Increase (Decrease) in Claims Payables	0	0	0	0	21,000
Net Cash Provided (Used) by Operating Activities	\$72,388	\$372,785	\$144,297	\$589,470	(\$158,477)

Schedule of Noncash Capital Activities:

At December 31, 2024, capital assets purchased on account
for the Sewer fund amounted to:

\$686,047

See accompanying notes to the basic financial statements.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Note 1 – Description of the City and Reporting Entity

The City of London (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.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City (the primary government) and its potential component units consistent with Government Accounting Standards Board Statements No. 14, “The Financial Reporting Entity” and No. 39, “Determining Whether Certain Organizations are Component Units – An Amendment of GASB Statement No. 14” and No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 39”.

The City provides various services including police and fire protection, building inspections, public improvements, water and sewer services (from January through April), parks and recreation, planning, zoning, street maintenance and repair, refuse collection and general administrative services. The operation of each of these activities is directly controlled by the Council through the budgetary process. None of these services are provided by a legally separate organization; therefore, these operations are included in the primary government.

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; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the levying of taxes or the issuance of debt. The City has no component units.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. The statements distinguish between those activities of the

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

City that are governmental and those that are considered business-type.

The Statement of Net Position presents the condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type. The City has no fiduciary funds.

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 of the City 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 of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the City's major governmental fund types:

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

Fire Department Fund – The Fire Department Fund accounts for all fire department revenues and expenditures; with the exception of the Ohio Police and Fire pension obligation.

Street Construction Fund – The Street Construction Fund accounts for and reports intergovernmental receipts that are restricted for construction, reconstruction, resurfacing and repairing streets, roads and bridges within the city.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Capital Improvements Fund – The Capital Improvements Fund accounts for various capital projects financed by governmental funds.

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

Proprietary Fund Type - 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 – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Water, Sewer, and Sanitation Funds are the City's major enterprise funds

Water Fund - The Water Fund accounts for the provision of water service to the residents and commercial users located within the City.

Sewer Fund - The Sewer Fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Sanitation Fund – The Sanitation Fund accounts for the provision of sanitation services to the residents and commercial users located within the City.

Internal Service Fund – An internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee medical benefits.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred outflows/inflows of resources are generally 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 governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like government-wide financial statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary fund activities.

Basis of Accounting

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

Revenues – Exchange and Non-Exchange 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 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 the fiscal year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes and payments in lieu of taxes is recognized in the fiscal year for which the taxes or payments are levied (See Note 4). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: income tax, state-levied locally shared taxes (including gasoline tax, motor vehicle license tax, government state tax, and homestead and rollback), fines and forfeitures, interest, grants and rentals.

Deferred Outflows/Inflows of Resources - In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary fund statements of net position for deferred charge on refunding, pension, and other postemployment benefits (OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property taxes represent enforceable legal claim as of December 31, 2024, but which were levied to finance year 2025 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources on the Statement of Net Position. Leases have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Income taxes, grants and entitlements, and other revenues not received within the available period and delinquent property taxes due at December 31, 2024, are recorded as unavailable revenue in the governmental funds and as revenue on the Statement of Activities.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as unavailable revenue.

Deferred inflows of resources related to pensions and OPEB are reported on the government-wide and proprietary fund statements on net position (See Note 10 and 11).

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 the governmental funds.

Pensions/Other Postemployment Benefits

For purposes of measuring the net pension/OPEB asset, net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension 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.

Pooled Cash and Cash Equivalents

To improve cash management, all cash received by the City is pooled. Monies for all funds, including proprietary 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."

During 2024, investments were limited to a money market fund and a certificate of deposit. Money market funds are reported at the net asset value (NAV) per share. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. All other investments are reported at fair value.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited during the year amounted to \$294,124 in the General fund and \$0 to other governmental funds.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented as "cash and cash equivalents with fiscal agent" since they are not required to be deposited into the City treasury.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when used.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a deposit liability account.

Capital Assets

General capital assets are capital assets which are associated and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 proprietary funds are reported in both 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 are updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of \$5,000. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

All reported capital assets, except for land and construction-in-progress, are depreciated. Improvements

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Government Activities</u>	<u>Business Activities</u>
Land Improvements	5-30 years	15-20 years
Buildings	20-40 years	20-40 years
Equipment and Machinery	5-20 years	5-20 years
Furniture and Fixtures	5-15 years	N/A
Vehicles	5-8 years	8 years
Infrastructure	15-50 years	N/A
Water and Sewer Lines	N/A	40-50 years

The City's infrastructure consists of roads, bridges, curbs, gutters, sidewalks, drainage systems and lighting systems.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable." Those amounts not expected to be repaid within one year are classified as "Advances to/from Other Funds". These amounts are eliminated in the governmental columns of the Statement of Net Position except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances. The City had no interfund balances during the year or at year end.

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, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. 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.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in-full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits, paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, notes and long-term loans are recognized as a liability on the government fund financial statements when due.

Net Position

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

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

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting* became effective for years beginning after June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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

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

Restricted - resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed - resources that can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the City's highest level of decision-making authority (City Council).

Assigned - resources that are constrained by the City's intent to be used for specific purposes, but

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

are neither restricted nor committed. This includes the residual balance of all governmental funds other than the General Fund that were not classified elsewhere above.

Unassigned - residual fund balance within the General Fund not classified elsewhere above and all other governmental fund balances which have a negative fund balance.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and sanitation services.

Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Interfund Activity

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

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. In 2024, the City transferred its water and sewer operations to an outside entity. This transfer of operations is reported as a special item in the accompanying financial statements.

Estimates

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

Note 3 – Deposits and Investments

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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 10 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. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus).
7. Certain bankers' acceptances (for a period not to exceed 180 days) and commercial paper notes (for a period not to exceed 270 days) in an amount not to exceed 40% of the interim monies available for investment at any one time if training requirements have been met;
8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts; and
9. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits - At year-end, the carrying amount of the City's deposits was \$13,318,235 and the bank balance was \$13,416,270. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and the remaining was uninsured and collateralized. The City's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the City's deposits may not be returned. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute. Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the District 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.

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

Investment Type	Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Money Market Funds	\$1,811,579	N/A	0.00
Certificates of Deposit	20,705	Level 2	1.35
Total Fair Value	<u>\$1,832,284</u>		
Portfolio Weighted Average Maturity			0.02

The City measures their investment in the money market fund at the net asset value (NAV) per share provided by the investment manager. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. All other investments are reported at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Interest Rate Risk – Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. According to the City's investment policy, no unmatched investment will have a maturity date of more than five years from the settlement date.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Credit Risk – The City does not have a formal investment policy regarding exposure to credit risk for investments. The City’s money market funds are not rated.

Concentration of Credit Risk – Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by lack of diversification. The City does not have a formal investment policy regarding concentration of credit risk.

Note 4 – Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2024 for real and public utility property taxes represents collections of the 2023 taxes. Property tax payments received during 2024 for tangible personal property (other than public utility property) are for 2023 taxes.

The 2024 real property taxes are levied after October 1 on the assessed value as of January 1 the lien date. Assessed values are established by the State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes which became a lien on December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2024, was \$4.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property for tax year 2023, upon which 2024 property tax receipts were based, are as follows:

	Amount
Real Property	\$281,485,550
Public Utility	16,155,680
Total	<u>\$297,641,230</u>

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 earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts in the County, including the City of London. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim.

In the General Fund, and the Police and Fire Pension special revenue funds, the entire receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable remains in deferred inflows of resources.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Note 5 – Income Taxes

The City levied a municipal income tax of 1.0 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City.

On May 7, 2013, the City passed a new one-half percent fire levy which increased the income tax to 1.5 percent effective July 1, 2013. This tax also applies to the net income of businesses operating within the City. In addition, residents of the City are required to pay income tax on income earned outside the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Additional increases in the income tax rate require voter approval. The City has established its own income tax division to administer and collect taxes for the City.

Note 6 – Tax Abatements

Community Reinvestment Area

Description - Under the authority of 3735.65 – 3735.70, the City created a Community Reinvestment Area (CRA). Legislation established that the development of real property and the acquisition of personal property located in the area designated as this CRA constituted a purpose for which real property tax exemptions may be granted.

Recipient Commitment – The company is committed to purchasing, remodeling, and/or constructing the properties within the CRA and then both retaining and hiring new employees from the City.

Provisions for recapturing abated taxes – If the company fails to file all tax reports and pay the real and tangible property taxes not exempt under the agreement, the incentives of the agreement will be rescinded.

The gross dollar amount for the total abated value of the CRA parcels for 2024 was as follows:

Company	Term	Percent	Amount
Independence Way LLC	2024-2034	50	2,968
BP Oil Company	2024-2034	50	2
Elite FTS.com Inc	2020-2030	50	2,229
Stanley Electric	2020-2030	50	11,804

Enterprise Zone

Description – Under the authority of ORC 5709.61, the City created an Enterprise Zone (EZ) within city limits. Legislation established that the development of real property and the acquisition of personal property located in the area designated as this EZ constituted a purpose for which real property tax exemptions may be granted. The specific tax being abated is the property tax.

Recipient Commitment - The company is committed to purchasing, remodeling, and/or constructing the properties within the EZ and then both retaining and hiring new employees from the City.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Provisions for recapturing abated taxes – If the company fails to file all tax reports and pay the real and tangible property taxes not exempt under the agreement, the incentives of the agreement will be rescinded.

The gross dollar amount for the total abated value of the EZ parcel for 2024 was as follows:

Company	Term	Percent	Amount
Nissen Chemitec	2024-2034	50	\$489

Note 7 – Receivables and Deferred Inflows of Resources

Receivables

Receivables at December 31, 2024 consisted of taxes, accounts (billed and unbilled user charged services), special assessments, leases, and intergovernmental receivables arising from grants, entitlements and shared revenues. Taxes, accounts, special assessments, leases, and intergovernmental receivables are deemed collectible in full. A summary of the principal items of taxes receivables reported on the Statement of Net Position follows:

Receivable	Amount
Property taxes	\$970,302
Income taxes	1,510,714
Payment in lieu of taxes	236,496
Total	<u>\$2,717,512</u>

Deferred Inflows of Resources

Deferred Inflows of Resources at December 31, 2024 consisted of property taxes, payments in lieu of taxes, and special assessments for which there is an enforceable legal claim as of December 31, 2024, which were levied to finance year 2025 operations.

A summary of the Governmental Activities' Deferred Inflows of Resources reported on the Statement of Net Position follows:

Deferred Inflows of Resources	Amount
Property taxes	\$921,031
Payment in lieu of taxes	236,496
Pension	1,197,359
OPEB	851,616
Total	<u>\$3,206,502</u>

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Note 8 – Capital Assets

A summary of changes in governmental capital assets during the year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$728,307	\$0	\$0	\$728,307
Total Capital Assets, not being depreciated	728,307	0	0	728,307
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	5,392,927	339,531	65,863	5,666,595
Equipment	6,045,485	269,572	7,273	6,307,784
Infrastructure	25,418,695	191,430	0	25,610,125
Total Capital Assets, being depreciated	36,857,107	800,533	73,136	37,584,504
Totals at Historical Cost	37,585,414	800,533	73,136	38,312,811
Less Accumulated Depreciation:				
Buildings and Improvements	2,148,348	162,249	31,833	2,278,764
Equipment	4,546,887	555,268	7,273	5,094,882
Infrastructure	15,717,745	771,189	0	16,488,934
Total Accumulated Depreciation	22,412,980	1,488,706	39,106	23,862,580
Governmental Activities Capital Assets, Net	\$15,172,434	(\$688,173)	\$34,030	\$14,450,231

Depreciation expense was charged to the governmental functions as follows:

General Government	\$200,743
Public Safety	257,994
Leisure Time Activities	68,097
Transportation and Street Repair	961,872
Total Depreciation Expense	<u>\$1,488,706</u>

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City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

	Beginning Balance	Additions	Deletions *	Ending Balance
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$275,926	\$0	\$175,966	\$99,960
Construction in Progress	6,824,145	686,047	6,824,145	686,047
Total Capital Assets, not being depreciated	7,100,071	686,047	7,000,111	786,007
Capital Assets, being depreciated:				
Building and Improvements	29,446,326	0	28,966,258	480,068
Equipment	6,798,581	11,626	5,545,059	1,265,148
Infrastructure	18,305,845	0	18,305,845	0
Total Capital Assets, being depreciated	54,550,752	11,626	52,817,162	1,745,216
Totals at Historical Cost	61,650,823	697,673	59,817,273	2,531,223
Less Accumulated Depreciation:				
Building and Improvements	15,563,747	15,414	15,293,038	286,123
Equipment	5,614,630	130,499	4,559,042	1,186,087
Infrastructure	9,135,299	0	9,135,299	0
Total Accumulated Depreciation	30,313,676	145,913	28,987,379	1,472,210
Business-Type Activities Capital Assets, Net	\$31,337,147	\$551,760	\$30,829,894	\$1,059,013

*The City transferred all water and sewer operations, along with all water and sewer capital assets, to the Mid-Ohio Water and Sewer District during 2024.

Note 9 – Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2024, the City was insured through Wichert Insurance and had the following types of insurance:

Coverage	Limit
Real Property Legal Liability	\$69,372,912
Equipment	Unlimited
Flood and Earthquake	1,000,000
General Liability (per occurrence)	1,000,000
Automobile Liability	1,000,000
Umbrella (per occurrence)	5,000,000

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

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job related injuries.

The City has elected to provide employee healthcare benefits for its employees through a self-insured

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical and prescription drug coverage, providing a traditional plan with a preferred provider organization (PPO) as well as a high deductible plan with Health Saving Account (HSA). The City contracts with Cigna Healthcare for network discounts; deductibles are higher and vary for out-of-network claims. A third party administrator, Business Administrators & Consultants, Inc., processes and pays the claims. The City is paying self-insurance claims and administrative costs from its internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per employee, per year.

During 2024, a total of \$1,592,628 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$161,000, reported in the internal service fund at December 31, 2024, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 and will be processed and paid in 2025. Statement No. 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January through March 2025, which were incurred in 2024 or before.

The estimates for the internal services fund were not affected by incremental claim adjustment expenses and does not include other allocated claim adjustment expenses. Changes in the internal services funds' claims liability amounts in the last two years follows:

	Balance at beginning of year	Current year claims	Claim payments	Balance at end of year
2024	\$140,000	1,592,628	1,571,628	161,000
2023	\$183,000	1,376,457	1,419,457	140,000

Note 10 – Defined Benefit Pension Plans

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

Net Pension Liability (Asset)/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability 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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

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. 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. The following table provides age and service requirements

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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):

<u>Group A</u> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<u>Group B</u> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<u>Group C</u> Members not in other Groups and members hired on or after January 7, 2013
<u>State and Local</u> Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 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	<u>State and Local</u> Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 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	<u>State and Local</u> 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 35 years and 2.5% for service years in excess of 35
<u>Public Safety</u> Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<u>Public Safety</u> Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<u>Public Safety</u> Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Law Enforcement</u> Age and Service Requirements: Age 52 with 15 years of service credit	<u>Law Enforcement</u> Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<u>Law Enforcement</u> Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Public Safety and Law Enforcement</u> Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<u>Public Safety and Law Enforcement</u> Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<u>Public Safety and Law Enforcement</u> Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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. Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. 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 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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 percent 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:

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City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

	State and Local	Public Safety	Law Enforcement
2024 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2024 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %

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

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

**** 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.

For 2024, the City's contractually required contribution was \$289,196, of this amount \$22,146 is reported in accrued wages and benefits.

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 that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, 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 3.0 percent of the member's base pension benefit.

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

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

Funding Policy

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

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City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

	<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	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$719,625 for 2024, of this amount \$57,878 is reported as accrued wages and benefits.

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

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

	<u>OPERS Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net Pension Liability	\$4,472,661	\$10,880,414	\$15,353,076
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01708400%	0.11261760%	
Prior Measurement Date	<u>0.01925600%</u>	<u>0.12305740%</u>	
Change in Proportionate Share	<u>-0.00217200%</u>	<u>-0.01043980%</u>	
Pension Expense	\$286,604	\$1,427,979	\$1,714,583

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

	OPERS Traditional Plan	OPF	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$73,102	\$349,293	\$422,395
Changes in assumptions	0	687,630	687,630
Net difference between projected and actual earnings on pension plan investments	902,774	1,232,980	2,135,754
Changes in employer proportionate share of net pension liability	21,105	492,613	513,718
Contributions subsequent to the measurement date	289,196	719,625	1,008,821
Total Deferred Outflows of Resources	<u>\$1,286,177</u>	<u>\$3,482,141</u>	<u>\$4,768,318</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$121,685	\$121,685
Changes in assumptions	0	165,232	165,232
Changes in employer proportionate share of net pension liability	253,830	694,758	948,588
Total Deferred Inflows of Resources	<u>\$253,830</u>	<u>\$981,675</u>	<u>\$1,235,505</u>

\$1,008,821 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPF	Total
2025	\$69,882	\$612,747	\$682,629
2026	225,721	541,749	767,470
2027	576,099	826,683	1,402,782
2028	(128,552)	(117,056)	(245,608)
2029	0	(80,856)	(80,856)
Thereafter	0	(2,426)	(2,426)
Total	<u>\$743,150</u>	<u>\$1,780,841</u>	<u>\$2,523,991</u>

Actuarial Assumptions – OPERS

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

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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 11.2 percent for 2023.

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

Discount Rate

The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined 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 benefits 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$7,041,171	\$4,472,661	\$2,336,408

Actuarial Assumptions – OP&F

The total pension liability is determined by OP&F 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. 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.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

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

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

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131.0 percent for females. All rates are projected using the MP-2021 Improvement Scale.

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

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

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

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

Note: Assumptions are geometric.

* levered 2.0x

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$14,411,919	\$10,880,414	\$7,943,625

Note 11 – Postemployment Benefits

Net OPEB Liability (Asset)

See Note 10 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Effective January 1, 2022 the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill 33 which allows for the consolidation of the Combined Plan with the Traditional Pension Plan with the timing of the consolidation at the discretion of OPERS.

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 selected with the assistance of an OPERS vendor.

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 traditional pension plan and combined plan 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

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

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

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

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

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

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

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

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

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

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

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

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

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 percent each year starting with the sixth year of participation. Members

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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 percent 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.

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. For fiscal year 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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

Ohio Police & Fire Pension Fund (OP&F)

Plan Description

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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.

Funding Policy

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

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

The City's contractually required contribution to OP&F was \$16,822 for 2024.

Net OPEB Liability (Asset)

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:

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the:			
Net OPEB (Asset)	(\$150,956)	\$0	(\$150,956)
Net OPEB Liability	0	822,256	822,256
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.01672600%	0.11261760%	
Prior Measurement Date	0.01880000%	0.12305740%	
Change in Proportionate Share	-0.00207400%	-0.01043980%	
OPEB Expense	(\$30,641)	\$77,007	\$46,367

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

	OPERS Traditional Plan	OPF	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$0	\$39,540	\$39,540
Changes in assumptions	38,864	282,946	321,810
Net difference between projected and actual earnings on pension plan investments	90,658	60,718	151,376
Changes in employer proportionate share of net OPEB liability	13,122	139,969	153,091
Contributions subsequent to the measurement date	0	16,822	16,822
Total Deferred Outflows of Resources	<u>\$142,644</u>	<u>\$539,995</u>	<u>\$682,640</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$21,485	\$151,108	\$172,593
Changes in assumptions	64,892	529,513	594,405
Changes in employer proportionate share of net OPEB liability	0	97,599	97,599
Total Deferred Inflows of Resources	<u>\$86,377</u>	<u>\$778,220</u>	<u>\$864,597</u>

\$16,822 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS Traditional Plan	OPF	Total
2025	\$4,648	\$29,300	\$33,948
2026	11,661	(13,910)	(2,249)
2027	70,569	(10,761)	59,808
2028	(30,612)	(73,314)	(103,926)
2029	0	(76,967)	(76,967)
Thereafter	0	(109,395)	(109,395)
Total	<u>\$56,266</u>	<u>(\$255,047)</u>	<u>(\$198,781)</u>

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

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

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent 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 percent 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 14.0 percent for 2023.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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 OPERS's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

Discount Rate

A single discount rate of 5.70 percent was used to measure the total OPEB liability (asset) on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) 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 percent and a municipal bond rate of 3.77 percent (Fidelity Index's "20-year Municipal GO AA Index.") The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 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 Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Proportionate share of the net OPEB liability (asset)	\$82,961	(\$150,956)	(\$344,723)

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent 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 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health 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 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB liability (asset)	(\$157,224)	(\$150,956)	(\$143,844)

Actuarial Assumptions – OP&F

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

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

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.07 percent
Prior measurement date	4.27 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2038

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

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135.0 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131.0 percent for females. All rates are projected using the MP-2021 Improvement Scale.

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

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

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

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

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

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

Note: Assumptions are geometric.

* levered 2.0x

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

Discount Rate

Total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the 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 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07 percent), or one percentage point higher (5.07 percent) than the current rate.

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
Proportionate share of the net OPEB liability	\$1,012,791	\$822,256	\$661,788

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

total OPEB liability.

Note 12 – Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees earn vacation time based on length of service. Employees earning two weeks or more of vacation annually must take vacation in a forty-hour increment at least once per calendar year. Employees who earn four weeks or more of vacation annually must take vacation leave in forty hour increments at least twice in each calendar year.

No more than the amount of vacation accrued in the previous 48 month period can be carried forward into the next calendar year without written consent of the Mayor. Without this approval, any excess is eliminated from the employee's leave balance. In the case of death, termination, or retirement, an employee (or his estate) is paid for the unused vacation up to a maximum of the three-year accrual. All employees earn sick leave at the rate of 4.6 hours for each 80 hours in active pay status.

It is the policy of the City that an employee with at least ten years of service who retires from the City is entitled to receive payment on the basis of one day's pay for each four days of accrued sick leave not to exceed 120 days. The policy varies for employees covered by collective bargaining agreements. Sick leave is recorded as a long-term obligation, unless there is an indication that the obligation will be liquidated with expendable available financial resources within one year (e.g. announced retirement date).

As of December 31, 2024, the accrued liability for unpaid compensated absences was \$886,752.

Note 13 – Long Term Liabilities

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

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City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

	Maturity Date	Interest Rate	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities							
<u>General Obligation Bonds</u>							
Keny Blvd. Refunding Bonds	12/1/30	2.09%	1,555,000	0	(175,000)	1,380,000	185,000
Administrative Building Bonds	9/1/32	2.18%	1,045,000	0	(105,000)	940,000	110,000
Fire Truck & Traffic Lights Bonds	12/1/30	1.47%	1,056,000	0	(144,000)	912,000	146,000
Total General Obligation Bonds			3,656,000	0	(424,000)	3,232,000	441,000
<u>OPWC Loans from Direct Borrowing</u>							
OPWC Loan - 2006 Phase I	1/1/26	0.00%	34,218	0	(13,688)	20,530	13,688
OPWC Loan - 2006 Phase II	1/2/27	0.00%	122,280	0	(27,172)	95,108	27,172
OPWC Loan - 2020	7/1/51	0.00%	240,788	0	(8,756)	232,032	8,756
Total OPWC Loans from Direct Borrowing			397,286	0	(49,616)	347,670	49,616
<u>OWDA Loans from Direct Borrowing</u>							
OWDA Loan - 2005	1/1/25	0.00%	139,435	0	(139,435)	0	0
Total OWDA Loans from Direct Borrowing			139,435	0	(139,435)	0	0
Police & Fire Pension Payable			36,611	0	(2,370)	34,241	2,502
Compensated Absences			655,813	128,547	0	784,360	418,254
Subtotal Bonds, Notes and Other amounts			4,885,145	128,547	(615,421)	4,398,271	911,372
Net Pension Liability			14,650,417	30,499	0	14,680,916	0
Net OPEB Liability (Asset)			937,841	0	(115,585)	822,256	0
Total Governmental Activities			20,473,403	159,046	(731,006)	19,901,443	911,372

Ohio Police and Fire Pension Liability

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police personnel in 1967. The outstanding liability at December 31, 2024 is \$34,241 with the principal payable semi-annually from the Police Pension and Fire Pension Special Revenue Funds. The liability will be fully retired in May 2035.

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

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City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Business-Type Activities	Maturity Date	Interest Rate	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<u>General Obligation Bonds</u>							
2020 Trash Trucks Bonds	8/15/25	2.00%	\$171,731	0	(\$102,351)	\$69,380	\$69,380
Total General Obligation Bonds			171,731	0	(102,351)	69,380	69,380
<u>OWDA/OPWC Loans from Direct Borrowing</u>							
Sewer Improvements 2006	1/1/29	0.80%	8,698,336	0	(8,698,336)	0	0
Water Elevated Storage Tank 2017	1/1/37	1.30%	2,391,315	0	(2,391,315)	0	0
East Water Pollution Control 2018	1/1/48	1.22%	4,916,989	0	(4,916,989)	0	0
Water System Improvement	7/1/28	4.26%	89,081	0	(89,081)	0	0
North Main Street Waterline Replacement	7/1/55	3.11%	20,804	0	(20,804)	0	0
Sludge Dewatering Replacement	7/1/50	0.00%	22,508	0	(22,508)	0	0
East Side Trunk Sewer Final Design	7/1/27	1.73%	247,496	0	(247,496)	0	0
CK17Y Water Meter Replacement	7/1/53	0.00%	520,183	0	(520,183)	0	0
Total OWDA/OPWC Loans from Direct Borrowing			16,906,712	0	(16,906,712)	0	0
Compensated Absences			82,336	20,056	0	102,392	56,538
Subtotal Bonds, Notes and Other Amounts			17,160,779	20,056	(17,009,063)	171,772	125,918
Net Pension Liability			2,727,074	0	(2,054,914)	672,160	0
Net OPEB Liability			56,830	0	(56,830)	0	0
Total Business-Type Activities			\$19,944,683	\$20,056	(\$19,120,807)	\$843,932	\$125,918

Compensated absences will be paid with available resources with the appropriate fund that relates to each particular employee. The funds include both governmental and business-type funds.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from both governmental and business-type funds. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

For the governmental activities, the Ohio Public Works Commission (OPWC) loans and general obligation bonds will be paid from the General Fund, Capital Improvements Fund, and Other Governmental Funds.

For business-type activities, the general obligation bond will be paid from charges for services revenue in the Sanitation Fund.

In 2004, the City was awarded a loan from the OWDA in the amount of \$253,118. The proceeds of this loan were used for upgrade planning for the waste water treatment plant. During 2005, this loan was rolled into a new loan from the OWDA with a new loan total of \$1,553,591. In 2006, this design loan was rolled into a loan for the waste water treatment plant expansion and Oak Run Interceptor Project in the amount of \$33,218,664 with a final maturity in 2029. The City drew down a total of \$32,779,024 of this loan amount. This loan was transferred to the Mid-Ohio Water and Sewer District during 2024.

On December 12, 2013, the City was awarded a planning loan from the OWDA in the amount of \$746,000. The proceeds of this loan were used to design the new water tower and plant. During 2016, this loan was rolled into a new loan from OWDA with a new loan total of \$6,532,001 for the East Water Treatment Plant. The loan bears a fixed rate of 1.22%. The loan had a final maturity date of January 1, 2048. This loan was transferred to the Mid-Ohio Water and Sewer District during 2024.

In 2015, the City was awarded a loan from OWDA in the amount of \$3,638,840. The proceeds of this loan were used for the new elevated water storage tank. The loan bears a fixed rate of 1.30%. The loan had a final maturity date of January 1, 2037. This loan was transferred to the Mid-Ohio Water and Sewer District during 2024.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

In 2017, the City was awarded a loan from OWDA in the amount of \$90,000. The proceeds of this loan were used for water pollution control. The loan bears a fixed rate of 0.00%. During 2018, this loan was rolled into a new loan from the OWDA with a new loan total of \$274,000 for the Nutrient Reduction Upgrade Design. The loan bears a fixed rate of 0.00%. The loan had a final maturity date of January 1, 2025. This loan was transferred to the Mid-Ohio Water and Sewer District during 2024.

During 2022, the City issued one Ohio Water Development Authority (OWDA) loan and one Ohio Public Works Commission (OPWC) loan. The first loan was in the amount of \$827,888 to finance the East Side Trunk Sewer Final Design project. The loan bears a fixed rate of 1.73% and had a final maturity date of July 1, 2027. The second loan was in the amount of \$528,999 to finance the Water Meter Replacement project. The loan bears a fixed rate of 0.00% and had a final maturity date of July 1, 2053. Both loans were transferred to the Mid-Ohio Water and Sewer District during 2024.

During 2023, the City issued two Ohio Water Development Authority (OWDA) loans and one Ohio Public Works Commission (OPWC) loan. The first loan was in the amount of \$141,864 to finance the Water System Improvements project. The loan bears a fixed rate of 4.26% and had a final maturity date of July 1, 2028. The full amount for this loan has not been disbursed as of year end. The second loan was in the amount of \$1,562,082 to finance the North Main Street Waterline Replacement project. The loan bears a fixed rate of 3.11% and has a final maturity date of July 1, 2055. The full amount for this loan has not been disbursed as of year end. The third loan was for the Sludge Dewatering. It had a final maturity date of July 1, 2050. All three loans were transferred to the Mid-Ohio Water and Sewer District during 2024.

On August 8, 2016 the City issued \$2,220,000 in bonds with an interest rate of 2.090% which was used to partially refund \$1,875,000 of the outstanding 2011 Kenny Blvd. Improvement Bonds with an interest rate between 1.20% and 4.75%. The net proceeds of \$2,167,340 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issues. As a result, \$1,875,000 of the 2011 bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The City refunded the 2011 bonds to reduce its total debt service payments by \$121,687 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$106,423.

During 2017, the City issued a bond for the amount of \$1,640,000 to purchase the administration building, which were accounted for in the Walnut Street Capital Fund. The bond will be repaid in full in 2032. The bond is paid from the City's Walnut Street Capital Fund.

During 2020, the City issued a bond for the amount of \$498,502 for the purchase of trash trucks, which were accounted for in the Sanitation Fund. The bond will be repaid in full in 2025. The bond is paid from the City's Sanitation Fund.

During 2021, the City issued a bond for the amount of \$1,352,000 for the purchase of fire trucks and traffic lights, which were accounted for in the Fire Fund and Capital Improvement Fund. The bond will be repaid in full in 2030. The bond is paid from the City's Fire Fund and Capital Improvement Fund.

The City's outstanding OPWC loans from direct borrowings of \$347,670 contain a provision that in an event of default, the amount of such default shall bear interest thereafter at the rate of 8% per annum until the date of payment, and outstanding amounts become immediately due. Also, the Lender may direct the county treasurer to pay the outstanding amount from portion of the local government fund

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

that would otherwise be appropriated to the City.

The annual requirements to retire the governmental activities long-term obligations outstanding at December 31, 2024 are as follows:

Year Ending December 31	Governmental Activities				Business-Type Activities	
	General Obligation Bonds		Notes from Direct Borrowing		Sanitation	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$441,000	\$62,740	\$49,616	\$0	\$69,380	\$520
2026	488,000	54,330	42,770	0	0	0
2027	496,000	44,948	35,928	0	0	0
2028	508,000	35,416	22,348	0	0	0
2029	521,000	25,642	8,756	0	0	0
2030-2034	778,000	23,790	43,780	0	0	0
2035-2039	0	0	43,780	0	0	0
2040-2044	0	0	43,780	0	0	0
2045-2049	0	0	43,780	0	0	0
2050-2051	0	0	13,132	0	0	0
Total	<u>\$3,232,000</u>	<u>\$246,866</u>	<u>\$347,670</u>	<u>\$0</u>	<u>\$69,380</u>	<u>\$520</u>

Note 14 – Interfund Transfers and Balances

Transfers in/out during the fiscal year were as follows:

	Transfers	
	In	Out
General Fund	\$0	\$2,104,207
Fire Department	200,000	0
Street Construction	194,687	0
Capital Improvements	1,271,000	0
Other Governmental Funds:		
State Highway	11,495	0
Permissive	47,025	0
Street Rotary	5,000	0
Parks and Playground	75,000	0
Police Pension	180,000	0
Walnut Street	120,000	0
Total All Funds	<u>\$2,104,207</u>	<u>\$2,104,207</u>

Interfund balance/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. Transfers from the General Fund are to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate money for anticipated capital projects and provide additional resources for current operations or debt service.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Note 15 – Contingencies

Grants - The City received financial assistance from 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 is 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 the overall financial position of the City at December 31, 2024.

Litigation - The City may be a defendant in several lawsuits, the outcome of which cannot be determined. It is the opinion of the City's Law Director that any judgment against the City would not have a material adverse effect on the City's financial position.

Note 16 - 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:

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City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Fund balance	General	Fire Department	Street Construction	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$0	\$0	\$29,595	\$0	\$0	\$29,595
Prepays	74,166	48,845	22,329	0	0	145,340
Total nonspendable	74,166	48,845	51,924	0	0	174,935
Restricted:						
Shade Tree	0	0	0	0	93,434	93,434
State Drug Penalty	0	0	0	0	543	543
Drug Fine	0	0	0	0	3,777	3,777
OMVI	0	0	0	0	14,052	14,052
Police Training	0	0	0	0	6,165	6,165
Fire Department	0	1,557,464	0	0	0	1,557,464
Street Construction	0	0	1,747,982	0	0	1,747,982
State Highway	0	0	0	0	277,246	277,246
Permissive	0	0	0	0	262,246	262,246
Street Rotary	0	0	0	0	7,795	7,795
Municipal Permissive	0	0	0	0	443,631	443,631
Police Grants	0	0	0	0	1,465	1,465
Parks & Playground	0	0	0	0	221,290	221,290
Police Pension	0	0	0	0	88,820	88,820
Economic Development	0	0	0	0	8,952	8,952
Recaptured Home Funds	0	0	0	0	97,823	97,823
Police LETF	0	0	0	0	14,302	14,302
Downtown Revitalization	0	0	0	0	16,496	16,496
N End Sewer Debt	0	0	0	0	23,469	23,469
East High Street Debt	0	0	0	0	6,692	6,692
TIF Settlement	0	0	0	0	485,428	485,428
Highway St Lighting	0	0	0	0	137,168	137,168
Kenny Blvd Extension	0	0	0	0	362,619	362,619
Walnut Street	0	0	0	0	59,505	59,505
Total restricted	0	1,557,464	1,747,982	0	2,632,918	5,938,364
Committed:						
Capital projects	0	0	0	1,281,484	0	1,281,484
Total committed	0	0	0	1,281,484	0	1,281,484
Assigned:						
Garfield Debt	0	0	0	0	625,766	625,766
Budgetary Resources	293,208	0	0	0	0	293,208
Encumbrances	837,181	0	0	0	0	837,181
Total assigned	1,130,389	0	0	0	625,766	1,756,155
Unassigned (deficit)	3,710,512	0	0	0	0	3,710,512
Total fund balances	\$4,915,067	\$1,606,309	\$1,799,906	\$1,281,484	\$3,258,684	\$12,861,450

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Note 17 – Implementation of New Accounting Principles and Restatement

For fiscal year 2024, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 99, Omnibus 2022, GASB Statement No. 100, Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62, GASB Statement No. 101, Compensated Absences.

GASB Statement No. 99 sets out 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 sets out 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. These changes were incorporated into the City's 2024 financial statements.

GASB Statement No. 101 sets out 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. The implementation of GASB Statement No. 101 had the following effect on fund balance/net position as reported December 31, 2023, by opinion unit affected:

	Proprietary Funds			Government-Wide	
	Water Fund	Sewer Fund	Stormwater Fund	Governmental Activities	Business-Type Activities
Fund Balance/Net Position- Beginning of Year, as Previously Presented	\$7,579,941	\$13,570,529	\$827,817	\$13,290,069	\$21,978,287
Change in Accounting Principal- Adoption of GASB 101	94,260	36,800	(46,862)	(3,369)	84,198
Fund Balance/Net Position- Beginning of Year, as Restated	<u>\$7,674,201</u>	<u>\$13,607,329</u>	<u>\$780,955</u>	<u>\$13,286,700</u>	<u>\$22,062,485</u>

Note 18 – Asset Retirement Obligation

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facilities and the permit would specify the procedures required to dispose of all or part of the sewage treatment plant. At this time, the City has not applied for, nor does it have, an approved permit from Ohio EPA to dispose of all or part of their sewage treatment plant. Due to the lack of specific legal requirements for retiring the sewage treatment plant, the City has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated at this time. During 2024, the sewage treatment system was transferred to the Mid-Ohio Water and Sewer District.

City of London, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2024

Note 19 – Significant Contractual and Other Commitments

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

<u>Description</u>	<u>Remaining Commitment</u>
Governmental Funds:	
General	\$910,288
Fire Department	208,830
Street Construction	183,461
Capital Improvements	172,000
Other Governmental	<u>368,317</u>
Total	\$1,842,896

Note 20 – Special Item

The City of London transferred the City's water and sewer operations, assets, and liabilities to Mid-Ohio Water and Sewer District. The transfer was completed in March of 2024.

As a result, the City only recorded two months' worth of revenue and expenses in the water and sewer funds. The transfer to Mid-Ohio Water and Sewer District was recorded as a special item on the financial statements.

Note 21 – Subsequent Events

On January 30, 2025 the City issued \$4,090,000 in bonds for construction of a new police station with a 5.0% interest rate.

On May 1, 2025 the City created a New Community Authority (NCA) with Tom Cat, LLC, PJG Holdings, LLC, and LOCAS Investments, LLC for the purposes of encouraging and supporting well-balanced and diversified land use patterns within the City.

On April 3, 2025 the City established 19 incentive districts within the City, and declared the Improvements to real property located within those incentive districts, to be a public purpose, exempt a percentage of such Improvements from real property taxation, identified certain public infrastructure improvements that, once made, will benefit or serve that real property, identified one or more specific projects being, or to be, undertaken in the incentive districts that place additional demand on the designated public infrastructure improvements, provided for payments in lieu of taxes by the owners of the real property, and established a public improvement tax increment equivalent fund and accounts and subaccounts.

Note 22 – Compliance

The City had expenditures in excess of appropriations, which is noncompliant with Ohio Revised Code Sections 5705.41(B) and 5705.40.

REQUIRED SUPPLEMENTARY INFORMATION

City of London, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.01708400%	0.01925600%	0.01863700%	0.02100600%	0.01457100%	0.01778300%	0.01765100%	0.01779300%	0.01860700%	0.01824100%
City's Proportionate Share of the Net Pension Liability	\$4,472,661	\$5,688,231	\$1,621,494	\$3,110,531	\$2,880,057	\$4,870,403	\$2,768,942	\$4,040,487	\$3,222,967	\$2,200,068
City's Covered Payroll	\$2,812,093	\$2,984,950	\$2,711,214	\$2,554,136	\$2,454,607	\$2,569,540	\$2,507,227	\$2,500,200	\$2,298,604	\$2,949,525
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.05%	190.56%	59.81%	121.78%	117.33%	189.54%	110.44%	161.61%	140.21%	74.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

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

See accompanying notes to the required supplementary information.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	0.11261760%	0.12305740%	0.11788320%	0.11406890%	0.11615800%	0.08737900%	0.08643900%	0.08446900%	0.08617400%	0.07875200%
City's Proportionate Share of the Net Pension Liability	\$10,880,414	\$11,689,260	\$7,364,660	\$7,776,179	\$7,825,023	\$7,132,435	\$5,305,152	\$5,350,182	\$5,543,634	\$4,079,672
City's Covered Payroll	\$3,196,019	\$3,151,980	\$2,979,920	\$3,003,761	\$2,508,888	\$1,990,914	\$1,920,486	\$1,837,733	\$2,261,972	\$1,572,023
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	340.44%	370.85%	247.14%	258.88%	311.89%	358.25%	276.24%	291.13%	245.08%	259.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.63%	62.90%	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%

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

See accompanying notes to the required supplementary information.

City of London, Ohio
Required Supplementary Information
Schedule of City Contributions
for Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$289,196	\$393,693	\$417,893	\$379,570	\$357,579	\$343,645	\$359,736	\$325,939	\$300,024	\$275,832
Contributions in Relation to the Contractually Required Contribution	(289,196)	(393,693)	(417,893)	(379,570)	(357,579)	(343,645)	(359,736)	(325,939)	(300,024)	(275,832)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,065,686	\$2,812,093	\$2,984,950	\$2,711,214	\$2,554,136	\$2,454,607	\$2,569,540	\$2,507,227	\$2,500,200	\$2,298,604
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%

Note:

See accompanying notes to the required supplementary information.

City of London, Ohio
Required Supplementary Information
Schedule of City Contributions
for Net Pension Liability
Ohio Police and Fire Pension Fund
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$719,625	\$685,476	\$677,077	\$632,041	\$636,497	\$530,128	\$419,976	\$403,095	\$386,135	\$472,336
Contributions in Relation to the Contractually Required Contribution	(719,625)	(685,476)	(677,077)	(632,041)	(636,497)	(530,128)	(419,976)	(403,095)	(386,135)	(472,336)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$3,364,309	\$3,196,019	\$3,151,980	\$2,979,920	\$3,003,761	\$2,508,888	\$1,990,914	\$1,920,486	\$1,837,733	\$2,261,972
Contributions as a Percentage of Covered Payroll	21.39%	21.45%	21.48%	21.21%	21.19%	21.13%	21.09%	20.99%	21.01%	20.88%

Note:

See accompanying notes to the required supplementary information.

City of London, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability (Asset)
Ohio Public Employees Retirement System - Traditional Plan
Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.01672600%	0.01880000%	0.01828900%	0.02127900%	0.01466500%	0.01786300%	0.01772000%	0.01793880%
City's Proportionate Share of the Net OPEB Liability	(\$150,956)	\$118,538	(\$572,839)	(\$379,102)	\$2,025,618	\$2,328,914	\$1,924,261	\$1,811,901
City's Covered Payroll	\$2,812,093	\$2,984,950	\$2,711,214	\$2,554,136	\$2,454,607	\$2,569,540	\$2,507,227	\$2,500,200
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-5.37%	3.97%	-21.13%	-14.84%	82.52%	90.64%	76.75%	72.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note:

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

See accompanying notes to the required supplementary information

City of London, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
Ohio Police and Fire Pension Fund
Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.11261760%	0.12305740%	0.11788290%	0.11406890%	0.11615800%	0.08737900%	0.08643900%	0.08446808%
City's Proportionate Share of the Net OPEB Liability	\$822,256	\$876,133	\$1,292,098	\$1,208,579	\$1,147,377	\$795,750	\$4,897,513	\$4,009,510
City's Covered Payroll	\$3,196,019	\$3,151,980	\$2,979,920	\$3,003,761	\$2,508,888	\$1,990,914	\$1,920,486	\$1,837,733
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	25.73%	27.80%	43.36%	40.24%	45.73%	39.97%	255.01%	218.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.90%	52.60%	46.90%	45.42%	47.10%	46.57%	14.13%	15.96%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note:

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

See accompanying notes to the required supplementary information

City of London, Ohio
Required Supplementary Information
Schedule of City Contributions to
Postemployment Benefits Other Than Pension (OPEB)
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution to OPEB	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25,072	\$50,004	\$45,972
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0	0	0	0	0	(25,072)	(50,004)	(45,972)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,065,686	\$2,812,093	\$2,984,950	\$2,711,214	\$2,554,136	\$2,454,607	\$2,569,540	\$2,507,227	\$2,500,200	\$2,298,604
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%

Note:
See accompanying notes to the required supplementary information.

City of London, Ohio
Required Supplementary Information
Schedule of City Contributions to
Postemployment Benefits Other Than Pension (OPEB)
Ohio Police and Fire Pension Fund
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution to OPEB	\$16,822	\$15,980	\$15,760	\$14,720	\$14,862	\$12,351	\$9,955	\$9,602	\$9,189	\$11,310
Contributions to OPEB in Relation to the Contractually Required Contribution	(16,822)	(15,980)	(15,760)	(14,720)	(14,862)	(12,351)	(9,955)	(9,602)	(9,189)	(11,310)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
City Covered Payroll	\$3,364,309	\$3,196,019	\$3,151,980	\$2,979,920	\$3,003,761	\$2,508,888	\$1,990,914	\$1,920,486	\$1,837,733	\$2,261,972
Contributions to OPEB as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.49%	0.49%	0.50%	0.50%	0.50%	0.50%	0.50%

Note:
See accompanying notes to the required supplementary information.

City of London, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2024

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property Taxes	\$592,674	\$592,674	\$752,125	\$159,451
Income Taxes	3,899,965	3,899,965	4,949,197	1,049,232
Charges for Services	108,171	108,171	137,273	29,102
Investment Earnings	221,879	221,879	281,573	59,694
Intergovernmental	557,098	557,098	706,977	149,879
Fines, Licenses & Permits	86,743	86,743	110,080	23,337
Other Revenues	68,725	68,725	87,214	18,489
Total Revenues	5,535,255	5,535,255	7,024,439	1,489,184
Expenditures:				
Current:				
General Government	1,729,951	2,103,956	2,253,982	(150,026)
Public Safety	2,214,142	2,692,825	2,884,842	(192,017)
Recreation	387,402	471,156	504,753	(33,597)
Community Environment	1,019	1,240	1,328	(88)
Total Expenditures	4,332,514	5,269,177	5,644,905	(375,728)
Excess of Revenues Over (Under) Expenditures	1,202,741	266,078	1,379,534	1,113,456
Other Financing Sources (Uses):				
Transfers (Out)	(1,632,643)	(1,985,609)	(2,127,197)	(141,588)
Total Other Financing Sources (Uses)	(1,632,643)	(1,985,609)	(2,127,197)	(141,588)
Net Change in Fund Balance	(429,902)	(1,719,531)	(747,663)	971,868
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,806,667	3,806,667	3,806,667	0
Fund Balance End of Year	\$3,376,765	\$2,087,136	\$3,059,004	\$971,868

See accompanying notes to the required supplementary information.

City of London, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2024

	Fire Department Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property Taxes	\$84,728	\$84,728	\$102,476	\$17,748
Income Taxes	2,387,273	2,387,273	2,887,333	500,060
Charges for Services	457,441	457,441	553,261	95,820
Intergovernmental	93,718	93,718	113,349	19,631
Other Revenues	41,897	41,897	50,673	8,776
Total Revenues	3,065,057	3,065,057	3,707,092	642,035
Expenditures:				
Current:				
Public Safety	3,708,712	3,769,510	3,718,600	50,910
Total Public Safety	3,708,712	3,769,510	3,718,600	50,910
Capital Outlay	60,806	61,803	60,968	835
Total Expenditures	3,769,518	3,831,313	3,779,568	51,745
Excess of Revenues Over (Under) Expenditures	(704,461)	(766,256)	(72,476)	693,780
Other financing sources (uses):				
Transfers In	497,910	497,910	602,207	104,297
Transfers (Out)	(401,137)	(407,713)	(402,207)	5,506
Total Other Financing Sources (Uses)	96,773	90,197	200,000	109,803
Net Change in Fund Balance	(607,688)	(676,059)	127,524	803,583
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,182,746	1,182,746	1,182,746	0
Fund Balance End of Year	\$575,058	\$506,687	\$1,310,270	\$803,583

See accompanying notes to the required supplementary information.

City of London, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended December 31, 2024

	Street Construction Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$549,980	\$549,980	\$614,130	\$64,150
Other Revenues	33,857	33,857	37,806	3,949
Total Revenues	583,837	583,837	651,936	68,099
Expenditures:				
Current:				
Transportation and Street Repair	1,309,386	1,309,386	922,088	387,298
Total Transportation and Street Repair	1,309,386	1,309,386	922,088	387,298
Total Expenditures	1,309,386	1,309,386	922,088	387,298
Excess of Revenues Over (Under) Expenditures	(725,549)	(725,549)	(270,152)	455,397
Other financing sources (uses):				
Transfers In	174,351	174,351	194,687	20,336
Total Other Financing Sources (Uses)	174,351	174,351	194,687	20,336
Net Change in Fund Balance	(551,198)	(551,198)	(75,465)	475,733
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,574,549	1,574,549	1,574,549	0
Fund Balance End of Year	<u>\$1,023,351</u>	<u>\$1,023,351</u>	<u>\$1,499,084</u>	<u>\$475,733</u>

See accompanying notes to the required supplementary information.

City of London, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2024

Note 1 – Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. 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 tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the year.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditure/expenses (budget) rather than as an assignment of fund balance (GAAP).
4. Due to the implementation of GASB 54, some funds were reclassified to the General Fund. These funds are not required to be included in the General Fund Budgetary Statement. Therefore, the activity from these funds is excluded with an adjustment for their change in fund balance.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund, Fire Department Fund, and Street Construction Fund.

City of London, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2024

Net Change in Fund Balance

	General	Fire Department	Street Construction
GAAP Basis	\$87,954	\$316,368	\$116,439
Revenue Accruals	(501,136)	35,077	(1,542)
Expenditure Accruals	545,101	(15,091)	(6,901)
Transfers In	0	402,207	0
Transfers (Out)	(22,990)	(402,207)	0
Encumbrances	(856,592)	(208,830)	(183,461)
Budget Basis	<u>(\$747,663)</u>	<u>\$127,524</u>	<u>(\$75,465)</u>

Note 2 – Net Pension Liability

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in assumptions:

2024-2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

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

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

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

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

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

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

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

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

Changes in benefit terms:

2024-2014: There were no changes in benefit terms for this period.

OHIO POLICE AND FIRE PENSION FUND CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in assumptions:

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

2023: Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale. 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.

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

- Reduction in actuarial assumed investment rate of return from 8.00% to 7.50%

2021-2019: There have been no OP&F pension plan amendments adopted or changes in assumptions used in the calculation of actuarial determined contributions.

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

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

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

Changes in benefit terms:

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

Note 3 - Net OPEB Liability (Asset)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in assumptions:

2024: The following were the most significant changes of assumptions that affected the total OPEB (asset) since the prior measurement date:

- The single discount rate increased from 5.22% to 5.70%.
- The municipal bond rate decreased from 4.05% to 3.77%.

City of London, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2024

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate decreased from 6.00% to 5.22%.
- The municipal bond rate increased from 1.84% to 4.05%.

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

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.50% to 5.50%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%.

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

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.50% to 8.50%.

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

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.00% to 10.50%.

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

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.50% to 6.00%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.50% to 10.00%.

2018: The single discount rate changed from 4.23% to 3.85%.

Changes in Benefit Terms:

2023-2024: There were no changes in benefit terms for the period.

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

2021: There were no changes in benefit terms for the period.

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

2019-2018: There were no changes in benefit terms for the period.

OHIO POLICE AND FIRE PENSION FUND CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in assumptions:

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The projected salary increases changed from 3.75% to 10.50%, to 3.50% to 10.50%
- The blended discount rate changed from 4.27% to 4.07%
- The depletion year of OPEB assets is projected in year 2038
- The municipal bond index rate decreased from 3.65% to 3.38%

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%
- The depletion year of OPEB assets is projected in year 2036
- Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale. 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.

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- The single discount rate changed from 2.96% to 2.84%

2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 3.56% to 2.96%.

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 4.66% to 3.56%.

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

City of London, Ohio
Notes to the Required Supplementary Information
For The Year Ended December 31, 2024

2018: The single discount rate changed from 3.79% to 3.24%

Changes in benefit terms:

2024-2020: There were no changes in benefit terms for the period.

2019: See above regarding change to stipend-based model.

2018: There were no changes in benefit terms for the period.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

City of London
Madison County
20 South Walnut Street
London, Ohio 43140

To the Members of Council and Mayor:

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of London, Madison County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of London's basic financial statements, and have issued our report thereon dated August 25, 2025, wherein we noted as described in Note 17 to the financial statements, the City of London restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences". We have also qualified our opinions on the governmental activities and aggregate remaining fund information due to the lack of a Service Organization Control 1 Type II report for the City of London's third-party administrator for health insurance claims processing.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002 that we consider to be material weaknesses.

City of London
Madison County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of London'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2024-003.

City of London's Responses to the Findings

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

Purpose of this Report

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



Julian & Grube, Inc.
August 25, 2025

**CITY OF LONDON
MADISON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2024**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2024-001

Material Weakness – Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements.

An adjustment was made to the financial statements and note disclosures to properly reflect the City's contracts payable activity in the Sewer Fund.

A lack of detailed review over the period-end reporting could lead to financial statement or note disclosure adjustments, which if uncorrected, could result in a misrepresentation of the City's activity.

We recommend the City review the adjustment, and design and implement additional policies and procedures in order to provide a more detailed review of all manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements.

Client Response: The City will more closely monitor payables and ensure financial statements are accurate in the future.

Finding Number	2024-002
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Material Weakness – Service Organization

Management is responsible for designing internal controls to provide reasonable assurance that transactions are properly recorded and reported. When a service organization performs key financial processes, such as claims processing, the user entity should obtain a Service Organization Control 1 Type II (SOC 1) report or implement alternative procedures to ensure the reliability of the service provider's internal controls.

The City contracts with a third-party administrator, Business Administrators & Consultants, Inc. (BAC) to process health insurance claims. However, during the audit period, the City did not obtain a Type II SOC 1 report from BAC. Additionally, the City did not perform alternative procedures to evaluate the effectiveness of the BAC's internal controls over claims processing.

Without obtaining a Type II SOC 1 report or performing compensating procedures, the City lacks assurance that BAC's internal controls are operating effectively. This increases the risk of undetected errors or misstatements in the City's financial reporting related to health insurance claims liabilities and expenses.

We recommend that the City implement a formal process to obtain and review Type II SOC 1 reports from all significant service providers, including the health insurance claims processing third-party administrators. If a Type II SOC 1 report is not available, the City should perform alternative procedures to assess the reliability of the service provider's controls.

Client Response: If a SOC 1 report is not available from BAC in the future, the City will perform alternative procedures to rely on BAC's controls.

**CITY OF LONDON
MADISON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2024**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2024-003

Noncompliance – Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. Also, the Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires any amendments to an appropriation measure be made by resolution and comply with the same provisions of the law as used in making the original appropriations.

The City Council approved amended appropriations measures, but they were not filed with the County auditor. The City therefore had expenditures exceeding appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	\$ 7,254,786	\$ 7,772,103	\$ 517,317
Municipal Permissive (a nonmajor governmental fund)	10,000	24,035	14,035
Capital Improvements	1,608,309	1,688,267	79,958
Water	2,963,932	2,972,856	8,924
Sewer	1,899,681	1,899,780	99

With expenditures exceeding appropriations, the City is expending monies that have not been appropriated, which may result in unnecessary purchases and/or fund deficits.

We recommend the City comply with the Ohio Revised Code Section 5705.41(B) and 5705.40 and the Auditor of State Bulletin 97-010 by monitoring expenditures, so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely and on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations

Client Response: The City will more closely monitor appropriations and expenditures in the future.

**CITY OF LONDON
MADISON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2024**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2023-001	2021	<u>Material Weakness – Financial Reporting</u> – as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. The City did not have the proper internal controls in place to help prevent errors in their annual financial report. Various adjustments were applied to the audited financial statements.	Not Corrected	Finding repeated as 2024-001 as financial statement and note disclosure adjustments were made.
2023-002	2023	<u>Material Weakness – Service Organizations</u> – Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use, or disposition. The City outsourced employees’ health insurance claims processing to a third-party administrator, and its Emergency Medical Services (EMS) billing to a service organization. The City has not established procedures to determine whether these service organizations have sufficient controls in place and operating effectively to reasonably assure all the City’s health insurance claims have been completely processed in accordance with the contract; and that all EMS services have been completely billed in accordance with the established billing rates.	Partially Corrected	Issued Finding 2024-002 as the City’s health insurance claims processing third-party administrator did not provide a SOC 1 report.
2023-003	2023	<u>Material Weakness – Inventory</u> – Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition. Maintaining organized documentation and support for financial transactions is essential in assuring the City’s financial statements are not materially misstated. The City did not have the proper internal controls in place to maintain supporting documentation of quantities and unit prices for the items recorded as Water and BTA inventory, or evidence year-end inventory counts had occurred.	Corrective Action Taken and Finding Fully Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF LONDON

MADISON 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 1/22/2026

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

This report is a matter of public record and is available online at
www.ohioauditor.gov