

**CITY OF UNION
MONTGOMERY COUNTY, OHIO**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024



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Columbus, Ohio 43215
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City Council
City of Union
118 North Main Street
Union, OH 45322

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Union 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 20, 2026

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INDEPENDENT AUDITORS' REPORT

Members of City Council
City of Union, Ohio
118 North Main Street
Union, Ohio 45322

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 26, 2025

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CITY OF UNION
MONTGOMERY COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2024
(Unaudited)

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

- Governmental activities reported a change in net position of \$10.4 million; an increase of 60.0 percent compared to the prior year.
- Business-type activities reported a change in net position of \$3.8 million; an increase of 16.7 percent during 2024.
- The City's income tax revenues on a full accrual basis increased significantly during the year, 83.8 percent, as several large employers began operations in the City's industrial park during calendar year 2024. These new operations have nearly doubled the number of individuals working inside the City. On the modified accrual basis, income tax revenues increased at a rate of 61.5 percent over 2023.
- The General Fund reported a fund balance of \$2.8 million which was an increase of \$1.4 million from the fund balance reported at the beginning of the year. The \$868,949 unrestricted fund balance reported for the General Fund at December 31, 2024 represents 45.2 percent of the annual fund expenditures, excluding capital outlay expenditures, reported for the year.
- As mentioned above, the City has experienced tremendous economic development within its boundaries. In cooperation with the Montgomery County Transportation Improvement District (MCTID), the City continues to develop infrastructure to allow for continued growth within the Global Logistics Air Park.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized to provide the reader with an overview of the City's condition as a whole and then proceed to provide a more detailed view of the City's operations.

The Statement of Net Position and the Statement of Activities provide the overview of the whole City, with a longer-term outlook of the City's financial condition. Major fund financial statements provide the next level of detail, providing information on short-term activities with a focus on the City's most significant funds. The remaining non-major funds are presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially in 2024?"

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The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, liabilities, and deferred inflow/outflow of resources of the City using the accrual basis of accounting, similar to the accounting methods used by private-sector companies. This basis of accounting includes all of the current year's revenue and expenses, regardless of when cash was received or paid.

These two statements report the City's net position and the change in that position from the prior year. Net position can be defined as the difference between assets and deferred outflows of resources compared with liabilities and deferred inflows of resources, and the measurement of this difference can be used to monitor the City's financial health. Other factors must then be considered, such as the City's property tax base, the condition of the streets and other capital assets, and the growth or decline in area businesses and residential neighborhoods.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities.

- **Governmental Activities** – Most of the City's services are reported here and include police, fire, emergency medical, refuse collection, public maintenance, parks and recreation, judicial, legislative, and executive.
- **Business-Type Activities** – These services include water, sewer, and stormwater. Service fees for these operations are charged based upon usage. The intent is that the fees are sufficient to cover the costs of operation.

Reporting the City's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins after the Statement of Activities. The City uses many different funds, some of which are required by law and others are used to help segregate and control revenues intended for specific purposes. The City has two kinds of funds - "governmental" and "proprietary". The proprietary funds support the business-type activities.

Governmental Funds – Fund financial statements provide the detailed information about the General and other major governmental funds. Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances remaining at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a short-term view of the City's general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources available in the near future to finance City programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – City utility services for water, sewer, and stormwater are operated as enterprise funds. These are business-type activities that receive a significant portion of their funding from user charges. These funds are listed under the heading of "business-type activities"

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on the Statement of Net Position and the Statement of Activities and reported in much the same manner as proprietary funds; therefore, these statements will essentially match. The reader should note that these funds are a part of the "government-wide" statements, but not a part of the "governmental funds".

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

Required Supplementary Information - The required supplementary information (RSI) provides readers with information related to the City's budgetary information for the General Fund and major special revenue funds as well as information on the City's proportionate share of net pension and OPEB assets, liabilities, and related required contributions.

The City as a Whole

The Statement of Net Position provides a perspective of the City as a whole. Table 1 provides a summary of the City's net position for the year ended December 31, 2024 as compared to the amounts for the year ended December 31, 2023.

TABLE 1
Statement of Net Position, December 31

	2024			2023		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Assets:						
Current and Other Assets	\$ 16,548,485	2,089,391	18,637,876	11,236,203	1,786,913	13,023,116
Capital Assets	<u>39,028,978</u>	<u>30,190,546</u>	<u>69,219,524</u>	<u>35,686,895</u>	<u>27,098,626</u>	<u>62,785,521</u>
Total Assets	<u>55,577,463</u>	<u>32,279,937</u>	<u>87,857,400</u>	<u>46,923,098</u>	<u>28,885,539</u>	<u>75,808,637</u>
Deferred Outflows of Resources	<u>1,769,022</u>	<u>266,702</u>	<u>2,035,724</u>	<u>2,341,188</u>	<u>442,494</u>	<u>2,783,682</u>
Liabilities:						
Current and Other Liabilities	343,857	18,567	362,424	1,492,089	24,536	1,516,625
Long-term Liabilities	<u>24,224,117</u>	<u>5,569,929</u>	<u>29,794,046</u>	<u>25,079,862</u>	<u>6,143,883</u>	<u>31,223,745</u>
Total Liabilities	<u>24,567,974</u>	<u>5,588,496</u>	<u>30,156,470</u>	<u>26,571,951</u>	<u>6,168,419</u>	<u>32,740,370</u>
Deferred Inflows of Resources	<u>5,033,649</u>	<u>45,663</u>	<u>5,079,312</u>	<u>5,346,902</u>	<u>92,143</u>	<u>5,439,045</u>
Net Position:						
Net Investment in Capital Assets	21,107,203	25,453,653	46,560,856	19,233,224	21,979,636	41,212,860
Restricted	6,595,330	25,677	6,621,007	2,761,146	-	2,761,146
Unrestricted	<u>42,329</u>	<u>1,433,150</u>	<u>1,475,479</u>	<u>(4,648,937)</u>	<u>1,087,835</u>	<u>(3,561,102)</u>
Total Net Position	\$ <u>27,744,862</u>	<u>26,912,480</u>	<u>54,657,342</u>	<u>17,345,433</u>	<u>23,067,471</u>	<u>40,412,904</u>

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The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27" and the net other postemployment benefits (OPEB) is reported in accordance with GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". These two Standards significantly revised the accounting for costs and liabilities related to pension and OPEB plans for employers. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the deferred outflows related to pension and OPEB and the OPEB asset amount.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities, nor can it access any related asset. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce any unfunded liability of the pension/OPEB plan as against the public employer, nor does the public employer have access to the resources associated with a fully funded or over-funded asset of such a plan. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

The amount by which the City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of December 31, 2024 the City's overall net position was \$54.7 million, with \$46.6 million reported as invested in capital assets, net of related debt. The increase in net investment in capital assets reported for 2024 compared to 2023 was the result of current year additions to capital assets exceeding depreciation expense for the year. The unrestricted portion of the net position reported for governmental activities was positive at the end of the current year compared with the \$4.6 million deficit reported at the end of the prior year. The increase in unrestricted net position resulted from reduced pension and OPEB obligations for the current year, as well as the increase in assets amounts reported for pooled cash and income taxes receivable for 2024. The increase in cash resulted from the increased income tax and payments in lieu of taxes received during the year. As part of its development agreement with one of the new large employers, the City will receive additional payments in lieu of taxes during 2024 and 2025 thereby enabling it to reduce the amount outstanding on the SIB loan used to finance the infrastructure for the development. Restricted cash represents funds being held by the Transportation Improvement District (TID), which is managing the build out of the development area.

Governmental activities reported a 47.3 percent increase in current assets at the end of 2024 compared to one year prior. This increase was the result of a \$5.3 increase in pooled and restricted cash and cash equivalents reported at the end of 2024 as noted above. Capital assets, net of accumulated depreciation and amortization increased \$3.3 million, or 9.4 percent, as current year additions were more than the current year depreciation. The City anticipates moving most of the development infrastructure costs out of construction in progress in next period.

Current liabilities of the governmental activities decreased as the contracts payable at December 31, 2024 were significantly less than those reported one year prior due to a decrease in activity associated with the development area. Long term liabilities decreased as well due to decreases in the net pension and OPEB and intergovernmental commitment amounts reported for the current year compared with those of the prior year.

Total assets of the business-type activities increased \$3.4 million, or 11.8 percent, almost exclusively to the additions to the construction in progress associated with the City waste water treatment plant expansion which is being funded through an intergovernmental governmental grant. The net position of the business-type activities increased 16.7 percent during 2024 ending at \$26.9 million.

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The following table shows the changes in net position for the year ended December 31, 2024 as compared to fiscal year ended December 31, 2023.

TABLE 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
REVENUES:						
Program Revenues:						
Charges for Services	\$ 1,711,755	1,569,161	2,304,813	2,426,373	4,016,568	3,995,534
Operating Grants and Contributions	859,750	776,880	-	-	859,750	776,880
Capital Grants and Contributions	6,259,210	2,324,223	-	-	6,259,210	2,324,223
General Revenues:						
Income Taxes	5,133,235	2,793,378	-	-	5,133,235	2,793,378
Property Taxes	2,421,045	2,303,680	-	-	2,421,045	2,303,680
TIF Service Payments	5,355,075	1,852,443	-	-	5,355,075	1,852,443
Grants and Contributions not Restricted	178,225	214,176	-	-	178,225	214,176
Investment Income	296,547	202,160	82,122	71,159	378,669	273,319
Other Revenue	526,161	96,796	29,511	28,969	555,672	125,765
Transfers	(3,758,509)	(3,193,259)	3,758,509	3,193,259	-	-
Total Revenue and Transfers	18,982,494	8,939,638	6,174,955	5,719,760	25,157,449	14,659,398
EXPENSES:						
General Government	1,861,299	2,138,562	-	-	1,861,299	2,138,562
Security of Persons and Property	3,842,242	3,460,877	-	-	3,842,242	3,460,877
Public Health Services	19,787	29,684	-	-	19,787	29,684
Transportation	1,037,122	919,589	-	-	1,037,122	919,589
Economic Development	377,993	442,711	-	-	377,993	442,711
Community Environment	751,391	634,734	-	-	751,391	634,734
Leisure Time Activities	133,093	110,627	-	-	133,093	110,627
Water	-	-	840,904	1,016,439	840,904	1,016,439
Sewer	-	-	1,226,543	1,310,114	1,226,543	1,310,114
Stormwater	-	-	262,499	231,651	262,499	231,651
Interest and Fiscal Charges	560,138	195,068	-	-	560,138	195,068
Total Expenses	8,583,065	7,931,852	2,329,946	2,558,204	10,913,011	10,490,056
Change in Net Position	10,399,429	1,007,786	3,845,009	3,161,556	14,244,438	4,169,342
Net Position, Beginning of Year	17,345,433	16,337,647	23,067,471	19,905,915	40,412,904	36,243,562
Net Position, End of Year	\$ 27,744,862	17,345,433	26,912,480	23,067,471	54,657,342	40,412,904

Governmental Activities

Total governmental activities revenue (excluding transfers) increased by \$10.6 million for 2024 compared with those of 2023 as the City received two large capital related grants in 2024. One is grant to assist in the expansion of the City's waste water treatment plant over the next couple of years while the other is a State grant to provide for the construction associated with the development of the Ring Road project. Both grants will be utilized solely for capital-related expenses. Additional development grants, totaling nearly \$1.0 million, were received by the TID during 2024 which will be used to finance the City's development projects in the near future.

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Total expenses of governmental activities increased by just over \$650,000 (8.21 percent) from those reported for 2023. While the operating expenses of the City remained fairly consistent with those of the prior year, the large increase noted was associated with the interest costs incurred. During 2024, there was over \$200,000 in accrued interest added to the SIB loan balance that needed to be recorded. In addition, the repayment of the 2022 SIB loan started in 2024, thereby resulting in higher interest rates incurred for the period. The remaining increase in expenses related to personnel related costs, such as wage increases, additional personnel as well as an increase in insurance benefits for the year.

Business-Type Activities

Overall, the City's business-type activities reported slightly less program revenues for 2024 compared to 2023, as the Water operations saw a slight decrease in charges for services compared with those of the prior year. The decrease in operating expenses of the City's utilizes were more than enough to offset the decrease in revenue, therefore the increase in business-type activity net position was \$3.8 million for the current year compared with the \$3.2 million increase reported last year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 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.

TABLE 3
Total and Net Cost of Program Services

	2024		2023	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 1,861,299	(1,751,378)	2,138,562	(1,957,439)
Security of Persons and Property	3,842,242	(2,720,726)	3,460,877	(2,524,141)
Public Health Services	19,787	(15,761)	29,684	(20,622)
Transportation	1,037,122	(470,354)	919,589	(362,733)
Economic Development	377,993	5,881,217	442,711	1,881,512
Community Environment	751,391	16,482	634,734	24,929
Leisure Time Activities	133,093	(131,692)	110,627	(108,026)
Interest and Fiscal Charges	560,138	(560,138)	195,068	(195,068)
Total Expenses	\$ <u>8,583,065</u>	<u>247,650</u>	<u>7,931,852</u>	<u>(3,261,588)</u>
BUSINESS-TYPE ACTIVITIES:				
Water	\$ 840,904	2,974	1,016,439	16,103
Sewer	1,226,543	88,755	1,310,114	(57,166)
Stormwater	262,499	(116,862)	231,651	(90,768)
Total Expenses	\$ <u>2,329,946</u>	<u>(25,133)</u>	<u>2,558,204</u>	<u>(131,831)</u>

CITY OF UNION
MONTGOMERY COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2024
(Unaudited)

THE CITY'S FUNDS

Governmental Funds

The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of expendable resources. As of December 31, 2024, the City's governmental funds reported revenues and other financing sources of \$26.6 million and expenditures and other financing uses of \$20.2 million, with combined fund balances amounting to \$9.9 million. Of the \$9.9 million fund balance, \$7.1 million is restricted or committed for specific purposes and cannot be used for general operations.

The General Fund is the primary operating fund of the City. At December 31, 2024, the unassigned fund balance of the General Fund was reported at \$868,949, an increase from the \$540,846 reported at the end of the prior year. The increase in unassigned fund balance occurred despite additional fund balance being assigned for subsequent year appropriations. The increase in income taxes noted throughout this section was the primary driver of the increased unassigned fund balance as well as total revenue for the fund. Total expenditures of the General Fund decreased as not as much General Fund revenue was utilized to finance capital expenditures for the current year.

The Police and Fire/EMS Funds rely on property tax levies to fund operations and budgets are adopted based on anticipated tax revenues. Expenditures are based on the revenue available from these dedicated property tax levies. During the current year, total revenue remained relatively unchanged from the those reported for the prior year. The general fund subsidizes these two funds operations through annual transfers.

The ARPA Federal Grant Fund is being utilized to record the intergovernmental grant that is funding the expansion work on the City's wastewater treatment facility. Expenditures of this fund are limited to capital outlay, which is subsequently reported as construction-in-progress within the sewer fund.

The City's TIF Fund was established to account for the construction activity in, financing of and service payments received for the Global Logistics Air Park project. Development activity within the area has exploded over the last year with several large employers relocating to the City and building new facilities in or near the Global Logistics Air Park. As a result, in conjunction with the MCTID, several infrastructure projects are ongoing to improvement the utility and roadway infrastructure in that area. During 2023, the City drew \$2.1 million on loans from the Ohio's State Infrastructure Bank (SIB) program. Total approved borrowing amount from the SIB program for the City (two separate agreements) is just over \$18.0 million. Additional TIF service payments were received during 2024, and will be again in 2025, based on a contractual agreement to provide additional in lieu of taxes revenue to the City early to retire the outstanding debt associated with the project.

Enterprise Funds

The City's enterprise 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 \$661,355, \$538,209 and \$233,586 for the water, sewer and stormwater funds, respectively. All the fund reported a increase in unrestricted net position for the current year. The \$3.8 million capital contribution into the sewer fund represents the ongoing capital work at the wastewater treatment facility as noted above.

CITY OF UNION
MONTGOMERY COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2024
(Unaudited)

General Fund Budgeting Highlights

For the General Fund, actual budget basis revenue was \$5.9 million, which was approximately the same as the final budget estimate. There were no difference between budgeted revenues anticipated at the beginning of the year and those anticipated at the end of the year.

Total actual expenditures (including transfers) on the budget basis were \$4.6 million which was \$2.0 million less than original expenditure budget estimates. Throughout the year, the City decrease the budgeted expenditures based on the reduced need for capital related transfers or funding.

CAPITAL ASSETS AND INFRASTRUCTURE

At December 31, 2024, the City has invested in land, construction in progress, buildings, improvements, equipment, vehicles and infrastructure with amounts totaling \$39.0 million and \$30.2 million in governmental activities and business-type activities, respectively. Table 4 shows December 31, 2024 balances compared to December 31, 2023 amounts. Additional information regarding the City's capital assets can be found in the Notes to the Basic Financial Statements in Note 7.

TABLE 4
Capital Assets, December 31

	2024			2023		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
Land	\$ 1,471,223	-	1,471,223	1,471,223	-	1,471,223
Construction in Progress	21,523,839	4,234,539	25,758,378	18,874,945	476,060	19,351,005
Infrastructure	12,552,684	29,390,530	41,943,214	11,703,380	29,369,676	41,073,056
Buildings	3,642,705	8,216,692	11,859,397	3,627,576	8,140,915	11,768,491
Improvements	281,637	31,921	313,558	281,637	31,921	313,558
Equipment	5,106,170	3,169,564	8,275,734	4,933,822	3,043,824	7,977,646
Vehicles	2,865,228	197,982	3,063,210	2,865,228	197,982	3,063,210
Right to Use Lease Assets	428,666	-	428,666	-	-	-
Less: Accumulated						
Depreciation/Amortization	(8,843,174)	(15,050,682)	(23,893,856)	(8,070,916)	(14,161,722)	(22,232,638)
Totals	\$ <u>39,028,978</u>	<u>30,190,546</u>	<u>69,219,524</u>	<u>35,686,895</u>	<u>27,098,656</u>	<u>62,785,551</u>

Overall, the net capital assets increased by \$6.4 million (10.2 percent), from those reported one year prior as current year additions were greater than current year depreciation. Significant capital asset additions for governmental activities included industrial park infrastructure projects of \$2.6 million (recorded in construction-in-progress), street construction/rehabilitation of nearly \$1.0 million, and the utilization of leased vehicles in the current year. In business-type activities, virtually all of current year additions (\$3.7 million) were associated with construction in progress associated with the wastewater treatment plant.

CITY OF UNION
MONTGOMERY COUNTY, OHIO
Management's Discussion and Analysis
For the Year Ended December 31, 2024
(Unaudited)

LONG-TERM DEBT AND COMMITMENTS

At December 31, 2024 the City's governmental activities reported total long-term debt and commitment obligations of \$19.1 million compared to the \$19.7 million reported one year prior. During the current year, the City obtained \$2.3 million of SIB loans to provide financing for infrastructure improvement projects, made \$75,000 in general obligation bond principal payments, paid off \$1.7 million of in loans payable, and reduced the intergovernmental commitment by \$1.5 million. The intergovernmental commitment is associated with the 3rd party debt initially issued for the City's Global Logistics Air Park project. The general obligation bonds (\$248,838 outstanding), including premium, were issued for the expansion of the public safety facilities within the City. The City also entered a financed purchase in a prior year, as well as a lease agreement in the current year, to provide for pieces of equipment and vehicles used throughout the City. Approximately \$4.8 million of governmental activities debt and commitment obligations will be due for payment within the next year.

The City's long-term obligations of business-type activities at December 31, 2024 consisted of one general obligation bond issue of \$2.7 million; financed purchase obligations of \$51,681; and several loans through the Ohio Public Works Commission (OPWC) totaling \$2.0 million. Principal payments during the year reduced business-type activities debt obligations by \$371,193 while an additional \$378,838 is due for payment in 2025.

See Notes 13 and 14 of the Notes to the Basic Financial Statements for more detailed information on the long-term debt and commitment obligations of the City.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the revenues it receives. If you have any questions regarding this report or need additional information, contact Denise Winemiller, Finance Director, City of Union, 118 North Main Street, Union, Ohio 45322.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 7,315,953	1,921,727	9,237,680
Receivables:			
Taxes	3,691,286	-	3,691,286
Accounts	214,350	133,725	348,075
Special Assessments	477,164	-	477,164
TIF	2,038,575	-	2,038,575
Intergovernmental	488,911	-	488,911
Prepaid Items	74,789	3,774	78,563
Materials and Supplies Inventory	57,362	4,488	61,850
Restricted Cash with Fiscal Agent	2,130,935	-	2,130,935
Net OPEB Asset	59,160	25,677	84,837
Capital Assets:			
Capital assets not subject to depreciation:			
Land	1,471,223	-	1,471,223
Construction in Progress	21,523,839	4,234,539	25,758,378
Capital assets, net of accumulated depreciation	16,033,916	25,956,007	41,989,923
Total Assets	55,577,463	32,279,937	87,857,400
DEFERRED OUTFLOWS OF RESOURCES:			
Pension and OPEB	1,769,022	266,702	2,035,724
Total Deferred Outflows of Resources	1,769,022	266,702	2,035,724
LIABILITIES:			
Accounts Payable	65,046	-	65,046
Contracts Payable	164,100	-	164,100
Accrued Wages and Benefits	31,482	4,214	35,696
Due to Other Governments	51,690	6,782	58,472
Accrued Interest Payable	31,539	7,571	39,110
Noncurrent Liabilities:			
Due Within One Year	5,093,780	400,654	5,494,434
Due In More Than One Year:			
Net OPEB Liability	200,403	-	200,403
Net Pension Liability	4,431,561	772,453	5,204,014
Other	14,498,373	4,396,822	18,895,195
Total Liabilities	24,567,974	5,588,496	30,156,470
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes	2,648,505	-	2,648,505
TIF	2,038,575	-	2,038,575
Pension and OPEB	346,569	45,663	392,232
Total Deferred Inflows of Resources	5,033,649	45,663	5,079,312
NET POSITION:			
Net Investment in Capital Assets	21,107,203	25,453,653	46,560,856
Restricted for:			
Public Safety Services	535,128	-	535,128
Transportation	1,228,070	-	1,228,070
Street Lights	623,248	-	623,248
Economic Development	4,090,483	-	4,090,483
Cemetery Operations	59,241	-	59,241
Employee Retirement Benefits	59,160	25,677	84,837
Unrestricted	42,329	1,433,150	1,475,479
Total Net Position	\$ 27,744,862	26,912,480	54,657,342

See accompanying notes to the basic financial statements.

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CITY OF UNION
MONTGOMERY COUNTY, OHIO
Statement of Activities
For the Year Ended December 31, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs:							
Governmental Activities:							
Security of Persons and Property	\$ 3,842,242	828,534	292,982	-	(2,720,726)		(2,720,726)
Public Health Services	19,787	4,026	-	-	(15,761)		(15,761)
Leisure Time Activities	133,093	1,401	-	-	(131,692)		(131,692)
Community Environment	751,391	767,873	-	-	16,482		16,482
Transportation	1,037,122	-	566,768	-	(470,354)		(470,354)
Economic Development	377,993	-	-	6,259,210	5,881,217		5,881,217
General Government	1,861,299	109,921	-	-	(1,751,378)		(1,751,378)
Interest and Fiscal Charges	560,138	-	-	-	(560,138)		(560,138)
Total Governmental Activities	8,583,065	1,711,755	859,750	6,259,210	247,650		247,650
Business-Type Activities:							
Water	840,904	843,878	-	-		2,974	2,974
Sewer	1,226,543	1,315,298	-	-		88,755	88,755
Stormwater	262,499	145,637	-	-		(116,862)	(116,862)
Total Business-Type Activities	2,329,946	2,304,813	-	-		(25,133)	(25,133)
Total	\$ 10,913,011	4,016,568	859,750	6,259,210	247,650	(25,133)	222,517
General Revenues and Transfers:							
Taxes:							
Income Taxes for General Operations					5,133,235	-	5,133,235
Property Taxes, Levied for:							
General Operations					286,955	-	286,955
Security of Persons and Property					1,870,005	-	1,870,005
Transportation					264,085	-	264,085
TIF Service Payments					5,355,075	-	5,355,075
Grants and Contributions not Restricted to Specific Programs					178,225	-	178,225
Investment Income					296,547	82,122	378,669
Other Revenue					526,161	29,511	555,672
Transfers					(3,758,509)	3,758,509	-
Total General Revenues and Transfers					10,151,779	3,870,142	14,021,921
Change in Net Position					10,399,429	3,845,009	14,244,438
Net Position, Beginning of Year					17,345,433	23,067,471	40,412,904
Net Position, End of Year				\$	27,744,862	26,912,480	54,657,342

See accompanying notes to the basic financial statements.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Balance Sheet
Governmental Funds
December 31, 2024

	General Fund	Police Fund	Fire/EMS Fund	ARPA Federal Grant Fund	TIF Fund
ASSETS:					
Equity in Pooled Cash and Cash Equivalents	\$ 2,314,908	232,308	154,754	35,784	3,193,971
Receivables:					
Taxes	1,308,952	1,222,347	808,219	-	-
Accounts	15,949	-	130,540	-	-
Special Assessments	26,862	-	-	-	-
TIF	-	-	-	-	2,038,575
Intergovernmental	94,235	87,956	35,886	-	-
Prepaid Items	16,851	28,228	14,140	-	-
Materials and Supplies Inventory	29,224	-	-	-	-
Restricted Cash with Fiscal Agent	-	-	-	-	2,130,935
Total Assets	\$ 3,806,981	1,570,839	1,143,539	35,784	7,363,481
LIABILITIES:					
Accounts Payable	\$ 1,656	819	-	2,823	-
Contracts Payable	-	-	-	121,230	42,870
Accrued Wages and Benefits	2,657	7,666	16,732	-	-
Due to Other Governments	6,769	24,714	10,855	-	-
Total Liabilities	11,082	33,199	27,587	124,053	42,870
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes	292,593	1,208,687	799,473	-	-
TIF	-	-	-	-	2,038,575
Unavailable Revenue	693,417	68,170	142,861	-	-
Total Deferred Inflows of Resources	986,010	1,276,857	942,334	-	2,038,575
FUND BALANCES:					
Nonspendable:					
Prepaid Items	16,851	28,228	14,140	-	-
Material and Supplies Inventory	29,224	-	-	-	-
Restricted:					
Public Safety Services	-	232,555	159,478	-	-
Street Repair and Maintenance	-	-	-	-	-
Street Lighting	-	-	-	-	-
Economic Development	-	-	-	-	5,282,036
Other	-	-	-	-	-
Committed:					
Community Environment	-	-	-	-	-
Assigned:					
Recreation Programs	75,318	-	-	-	-
Subsequent Purchases	69,547	-	-	-	-
Subsequent Appropriations	1,750,000	-	-	-	-
Unassigned	868,949	-	-	(88,269)	-
Total Fund Balances	2,809,889	260,783	173,618	(88,269)	5,282,036
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,806,981	1,570,839	1,143,539	35,784	7,363,481

See accompanying notes to the basic financial statements.

CITY OF UNION
MONTGOMERY COUNTY, OHIO
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2024

Nonmajor Governmental Funds	Total Governmental Funds		
1,384,228	7,315,953	Total Governmental Fund Balances	\$ 9,903,076
351,768	3,691,286	<i>Amounts reported for governmental activities in the</i>	
67,861	214,350	<i>Statement of Net Position are different because:</i>	
450,302	477,164	Capital assets used in governmental	
-	2,038,575	activities are not financial resources and	
270,834	488,911	therefore not reported in the funds.	39,028,978
15,570	74,789	Other long-term assets are not available to pay	
28,138	57,362	for current period expenditures and therefore	
-	2,130,935	are reported as unavailable revenue in the funds.	
2,568,701	16,489,325	Income Taxes	570,174
		Property Taxes	6,588
		Intergovernmental	412,088
59,748	65,046	Charges for Services	120,837
-	164,100	Special Assessments	477,164
4,427	31,482	Long-term liabilities are not due and payable	
9,352	51,690	in the current period and therefore are not	
		reported in the funds:	
73,527	312,318	General Obligation Bonds	(240,000)
		Unamortized Bond Premium	(8,838)
347,752	2,648,505	Accrued Interest Payable	(31,539)
-	2,038,575	Financed Purchase Obligations	(64,412)
682,403	1,586,851	Intergovernmental Commitment	(1,539,321)
		State Infrastructure Bank (SIB) Loan	(16,864,357)
1,030,155	6,273,931	Compensated Absences	(478,825)
		Leases Payable	(396,400)
15,570	74,789	The net pension and OPEB amounts are not due and	
28,138	57,362	payable, or available, in the current period; therefore,	
		the assets, liabilities and the related deferred inflows/outflows	
1,262	393,295	are not reported in the governmental funds:	
1,039,744	1,039,744	Deferred Outflows - Pension and OPEB	1,769,022
230,623	230,623	Deferred Inflows - Pension and OPEB	(346,569)
-	5,282,036	Net OPEB Asset	59,160
59,307	59,307	Net OPEB Liability	(200,403)
		Net Pension Liability	(4,431,561)
90,375	90,375	Net Position of Governmental Activities	\$ 27,744,862
-	75,318		
-	69,547		
-	1,750,000		
-	780,680		
1,465,019	9,903,076		
2,568,701	16,489,325		

See accompanying notes to the basic financial statements.

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

	General Fund	Police Fund	Fire/EMS Fund	ARPA Federal Grant Fund	TIF Fund
REVENUES:					
Income Taxes	\$ 4,850,232	-	-	-	-
Property Taxes	287,396	1,103,692	721,882	-	-
TIF Service Payments	-	-	-	-	5,355,075
Intergovernmental Revenue	178,786	144,015	139,060	3,295,592	2,963,618
Charges for Services	58,459	12,156	339,188	-	-
Special Assessments	16,383	-	-	-	-
Fines, Licenses and Permits	26,043	-	-	-	-
Investment Income	79,879	4,000	5,549	3,201	126,529
Other Revenue	353,582	36,930	17,900	-	36,888
Total Revenues	5,850,760	1,300,793	1,223,579	3,298,793	8,482,110
EXPENDITURES:					
Current:					
Security of Persons and Property	-	1,762,998	1,150,182	-	-
Public Health Services	-	-	-	-	-
Leisure Time Activities	124,197	-	-	-	-
Community Environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic Development	-	-	-	-	1,865,088
General Government	1,787,711	-	-	-	-
Capital Outlay	967,610	301,385	115,995	4,087,062	1,280,205
Debt Service:					
Principal	6,555	10,523	5,050	-	1,685,288
Interest	3,277	3,833	2,291	-	338,572
Total Expenditures	2,889,350	2,078,739	1,273,518	4,087,062	5,169,153
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	2,961,410	(777,946)	(49,939)	(788,269)	3,312,957
OTHER FINANCING SOURCES (USES):					
Loan Proceeds	-	-	-	-	2,106,789
Sale of Capital Assets	320	15,277	177	-	-
Inception of Leases	79,886	192,507	51,835	-	-
Transfers In	-	750,000	150,000	700,000	-
Transfers Out	(1,620,000)	(21,112)	(63,338)	-	-
Total Other Financing Sources (Uses)	(1,539,794)	936,672	138,674	700,000	2,106,789
Net Change in Fund Balances	1,421,616	158,726	88,735	(88,269)	5,419,746
Fund Balance, Beginning of Year	1,388,273	102,057	84,883	-	(137,710)
Fund Balance, End of Year	\$ 2,809,889	260,783	173,618	(88,269)	5,282,036

See accompanying notes to the basic financial statements.

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

Nonmajor Governmental Funds	Total Governmental Funds		
-	4,850,232	Total Net Change in Fund Balances - Governmental Funds	\$ 6,472,928
311,614	2,424,584	Amounts reported for governmental activities in the statement of activities are different because:	
-	5,355,075	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
569,846	7,290,917	Capital Asset Additions	4,114,341
771,899	1,181,702	Current Year Depreciation and Amortization	(772,258)
425,657	442,040		
-	26,043	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	347,702
77,389	296,547		
44,120	489,420		
<u>2,200,525</u>	<u>22,356,560</u>		
		Repayment of debt, including lease liabilities, is an expenditure in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	1,802,982
730,629	3,643,809	Contractually required payments to the Montgomery County Transportation Improvement District are recorded as economic development expenditures in the funds; however on the statement of net position, a portion of those expenditures reduce the City's long-term intergovernmental commitment.	1,487,095
19,591	19,591		
-	124,197	Some expenses in 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:	
751,123	751,123	Compensated Absences	(86,955)
742,198	742,198	Accrued Interest	1,565
-	1,865,088	Amortization of Bond Premium	3,029
-	1,787,711		
602,597	7,354,854	Contractually required contributions to pension and OPEB plans are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	416,189
95,566	1,802,982		
16,302	364,275	Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB assets and/or liabilities are reported as expense adjustments in the statement of activities.	(651,277)
<u>2,958,006</u>	<u>18,455,828</u>		
		Issuance of debt (loans and leases) are considered an other financing sources in the governmental funds, but the borrowing increases the long-term liability in the statement of net position.	
(757,481)	3,900,732	City enters into lease obligations during year	(428,666)
-	2,106,789	City draws on SIB loans during year	(2,106,789)
20,967	36,741	Accrued interest on SIB loan expensed during year	(200,457)
104,438	428,666		
104,450	1,704,450		
-	(1,704,450)		
<u>229,855</u>	<u>2,572,196</u>		
(527,626)	6,472,928	Change in Net Position of Governmental Activities	\$ 10,399,429
<u>1,992,645</u>	<u>3,430,148</u>		
<u>1,465,019</u>	<u>9,903,076</u>		

See accompanying notes to the basic financial statements.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Statement of Fund Net Position
Enterprise Funds
December 31, 2024

	Water	Sewer	Stormwater	Total
Assets:				
Current Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 885,076	782,303	254,348	1,921,727
Accounts Receivable	50,750	72,364	10,611	133,725
Materials and Supplies Inventory	4,058	430	-	4,488
Prepaid Items	1,887	1,887	-	3,774
Total Current Assets	941,771	856,984	264,959	2,063,714
Non-current Assets:				
Net OPEB Asset	11,522	12,937	1,218	25,677
Capital Assets:				
Nondepreciable Capital Assets	10,878	4,067,902	155,759	4,234,539
Depreciable Capital Assets, Net	10,172,551	10,367,925	5,415,531	25,956,007
Total Non-current Assets	10,194,951	14,448,764	5,572,508	30,216,223
Total Assets	11,136,722	15,305,748	5,837,467	32,279,937
Deferred Outflows of Resources:				
Pension and OPEB	121,055	133,464	12,183	266,702
Total Deferred Outflows of Resources	121,055	133,464	12,183	266,702
Liabilities:				
Current Liabilities:				
Accrued Wages and Benefits	2,642	1,451	121	4,214
Accrued Interest Payable	-	7,571	-	7,571
Due to Other Governments	3,587	2,949	246	6,782
Compensated Absences Payable	10,125	10,109	1,582	21,816
Issue II Loans Payable	102,227	29,665	6,646	138,538
Financed Purchase Payable	15,100	15,100	15,100	45,300
General Obligation Bonds Payable	-	195,000	-	195,000
Total Current Liabilities	133,681	261,845	23,695	419,221
Long Term Liabilities:				
Compensated Absences Payable	17,991	17,965	2,811	38,767
Issue II Loans Payable	1,581,102	149,297	125,441	1,855,840
Financed Purchase Payable	2,346	2,292	1,743	6,381
General Obligation Bonds Payable	-	2,495,834	-	2,495,834
Net Pension Liability	346,635	389,188	36,630	772,453
Total Long Term Liabilities	1,948,074	3,054,576	166,625	5,169,275
Total Liabilities	2,081,755	3,316,421	190,320	5,588,496
Deferred Inflows of Resources:				
Pension and OPEB	20,491	23,006	2,166	45,663
Total Deferred Inflows of Resources	20,491	23,006	2,166	45,663
Net Position:				
Net Investment in Capital Assets	8,482,654	11,548,639	5,422,360	25,453,653
Restricted for Employee Retirement Benefits	11,522	12,937	1,218	25,677
Unrestricted	661,355	538,209	233,586	1,433,150
Total Net Position	\$ 9,155,531	12,099,785	5,657,164	26,912,480

See accompanying notes to the basic financial statements.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
For the Year Ended December 31, 2024

	Water	Sewer	Stormwater	Total
Operating Revenues:				
Charges for Services	\$ 801,892	1,296,628	145,579	2,244,099
Tap-In Fees	19,600	-	-	19,600
Other Operating Revenue	22,386	18,670	58	41,114
Total Operating Revenue	843,878	1,315,298	145,637	2,304,813
Operating Expenses:				
Personal Services	319,019	370,110	56,952	746,081
Contractual Services	165,853	215,977	26,099	407,929
Supplies and Materials	65,308	99,923	9,670	174,901
Other Expenses	12,271	10,470	452	23,193
Depreciation	277,216	443,655	168,089	888,960
Total Operating Expenses	839,667	1,140,135	261,262	2,241,064
Operating Income (Loss)	4,211	175,163	(115,625)	63,749
Non-Operating Revenues (Expenses):				
Interest	38,423	33,094	10,605	82,122
Interest and Fiscal Charges	(1,237)	(86,408)	(1,237)	(88,882)
Non-operating Miscellaneous Revenue	24,057	5,454	-	29,511
Total Non-Operating Revenues (Expenses)	61,243	(47,860)	9,368	22,751
Income (Loss) Before Capital Contributions	65,454	127,303	(106,257)	86,500
Capital Contributions	-	3,758,509	-	3,758,509
Change in Net Position	65,454	3,885,812	(106,257)	3,845,009
Net Position at Beginning of Year	9,090,077	8,213,973	5,763,421	23,067,471
Net Position at End of Year	\$ 9,155,531	12,099,785	5,657,164	26,912,480

See accompanying notes to the basic financial statements.

CITY OF UNION
MONTGOMERY COUNTY, OHIO
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2024

	Water	Sewer	Stormwater	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 854,870	1,307,921	146,778	2,309,569
Cash Payments to Employees for Services and Benefits	(367,599)	(411,692)	(57,864)	(837,155)
Cash Payments to Suppliers for Goods and Services	(245,742)	(316,068)	(35,556)	(597,366)
Net Cash Provided by Operating Activities	241,529	580,161	53,358	875,048
Cash Flows from Noncapital Financing Activities:				
Non-operating Cash Receipts	24,057	5,454	-	29,511
Net Cash Provided by Noncapital Financing Activities	24,057	5,454	-	29,511
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	(153,351)	(39,370)	(29,650)	(222,371)
Principal Paid on Financed Purchases	(14,218)	(14,218)	(14,218)	(42,654)
Principal Paid on Bonds	-	(190,000)	-	(190,000)
Principal Paid on Loans	(102,227)	(29,665)	(6,647)	(138,539)
Interest Paid	(1,237)	(97,787)	(1,237)	(100,261)
Net Cash Used in Capital and Related Financing Activities	(271,033)	(371,040)	(51,752)	(693,825)
Cash Flows from Investing Activities:				
Interest	38,423	33,094	10,605	82,122
Net Cash Provided by Investing Activities	38,423	33,094	10,605	82,122
Net Increase in Cash and Cash Equivalents	32,976	247,669	12,211	292,856
Cash and Cash Equivalents Beginning of Year	852,100	534,634	242,137	1,628,871
Cash and Cash Equivalents End of Year	\$ 885,076	782,303	254,348	1,921,727
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</i>				
Operating Income (Loss)	\$ 4,211	175,163	(115,625)	63,749
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	277,216	443,655	168,089	888,960
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:				
(Increase) Decrease in Accounts Receivable	10,992	3,023	1,141	15,156
(Increase) Decrease in Supplies Inventory	-	(430)	-	(430)
(Increase) Decrease in Prepaid Items	332	332	665	1,329
(Increase) Decrease in Net OPEB Asset	(11,522)	(12,937)	(1,218)	(25,677)
(Increase) Decrease in Deferred Outflows	82,051	90,245	3,496	175,792
Increase (Decrease) in Accounts Payable	(2,642)	-	-	(2,642)
Increase (Decrease) in Accrued Salaries Payable	(2,023)	(3,473)	(2,438)	(7,934)
Increase (Decrease) in Due to Other Governments	2,934	2,260	(112)	5,082
Increase (Decrease) in Compensated Absences Payable	(18,208)	(26,840)	(1,521)	(46,569)
Increase (Decrease) in Net OPEB Liability	(8,350)	(8,690)	(712)	(17,752)
Increase (Decrease) in Net Pension Liability	(70,375)	(60,302)	3,141	(127,536)
Increase (Decrease) in Deferred Inflows	(23,087)	(21,845)	(1,548)	(46,480)
Net Cash Provided by Operating Activities	\$ 241,529	580,161	53,358	875,048
Capital and Related Financing Activities - Noncash Activity:				
Capital assets financed from governmental funds	\$ -	\$ 3,758,509	\$ -	\$ 3,758,509

See accompanying notes to the basic financial statements.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1- REPORTING ENTITY

The City of Union (the City) is a charter municipal corporation operating under the laws of the State of Ohio. The City was incorporated on July 15, 1907. A charter was first adopted on November 3, 1981.

The municipal government provided by the charter is known as a Mayor-Council-Manager form of government. Legislative power is vested in a seven-member Council, each elected to four-year terms. The Council appoints the City Manager. The City Manager is the chief executive officer and the head of the administrative agencies of the City and appoints all department heads and employees, except as otherwise provided in the charter.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments which provide various services including police protection, rescue squad, parks and recreation, planning, zoning, street maintenance and repair, community development, public health and welfare, water, sewer and refuse collection. Council and the City Manager are directly responsible for these activities.

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 body 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 issuance of debt or the levying of taxes. The City has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities 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 a 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. Revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business-type activity 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.

Fund Accounting

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

Governmental Funds

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

General Fund - This fund is the operating fund of the City and is used to account 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 and the charter of the City.

Police Fund - This fund accounts for all transactions relating to the provision of police and public safety services to the City.

Fire and EMS Fund - This fund accounts for all transactions relating to the provision of fire protection and emergency services to the City.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ARPA Federal Grant Fund - This capital projects fund accounts for monies received from Ohio Department of Development through the American Rescue Plan Act (ARPA) to improve the City's wastewater facility.

TIF Fund - This fund accounts for all transactions relating to the financing, construction and debt service associated with roadway and utility improvements within the TIF district.

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

Proprietary Fund Types

The 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. The City reports only enterprise funds.

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 following are the City's major enterprise funds:

Water Fund - The water fund accounts for the provisions of water treatment and distribution to the residential, commercial and industrial users located within the City.

Sewer Fund - The sewer fund accounts for the provisions of sanitary sewer service to the residential, commercial and industrial users located within the City.

Stormwater Fund - This fund accounts for the collection of stormwater runoff from residential, commercial and industrial users within the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The City has no funds which are classified as fiduciary funds.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations of the City are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

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

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

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; proprietary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue (unavailable deferred resources) and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transaction

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 available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the City is thirty-one (31) days after year-end.

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: income tax, state-levied locally shared taxes (including local government assistance, gasoline tax and vehicle license tax), fines and forfeitures, and investment earnings.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position may report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources until then. For the City, deferred outflows of resources include a deferral of amounts payable associated with pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 9 and 10.

In addition to liabilities, the statements of financial position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources until then. For the City, deferred inflows of resources include property taxes, tax incremental financing (TIF), unavailable revenues, and pension and OPEB plans. Property taxes and TIF represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance subsequent year operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund balance sheet. TIF payments represent reallocation of additional property taxes generated by the improvements noted in the previous paragraph to be used for debt retirement. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. These amounts are recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position and further explained in Notes 9 and 10.

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 recorded when the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

Cash balances of the City's funds are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "Equity in Pooled Cash and Cash Equivalents".

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Interest income is distributed to the funds according to charter and statutory requirements.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest is credited to the funds according to statutory requirements. Interest revenue earned during 2024 amounted to \$296,547 and \$82,122 in the governmental funds and proprietary funds, respectively.

The City has funds invested in the State Treasury Assets Reserves of Ohio (STAR Ohio) during fiscal year 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2024. There are no limitations or restrictions on withdrawals from these investments due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four (24) hours advance notice to STAR Ohio is appreciated for all purchases or redemptions of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the STAR Ohio investors will be combined for these purposes.

Restricted Cash with Fiscal Agent

As part of the TIF agreement with Montgomery County, the City remits all service payments collected over to the Montgomery County Transportation Improvement District (MCTID). MCTID then pays the associated SIB loan and bond payments due for the current year. Excess TIF moneys above what is needed is maintained by MCTID and is available for use at the direction of the City for other infrastructure projects. However, the expenditures must be approved by Montgomery County and MCTID, therefore these funds are classified as restricted for the City.

Materials and Supplies Inventory

Inventories are stated at cost using the first-in, first-out (FIFO) method and are expensed when used. Reported materials and supplies inventory is included within the nonspendable fund balance classification in the governmental fund category, which indicates it does not constitute available resources.

Internal Balances

Internal balance amounts are eliminated in the governmental and business-type activities 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". For the year ended December 31, 2024, the City reported no internal balance transactions.

Capital Assets

General capital assets are those not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in the respective enterprise fund financial statements and in the business-type activities column of the government-wide statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at estimated 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 expensed.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	50-75 years
Improvements	20-30 years
Equipment	5-20 years
Vehicles	5-20 years
Infrastructure	20-50 years
Utility Infrastructure	50-75 years

Compensated Absences

The City follows the provisions of GASB Statement 101, *Compensated Absences*. The City's employee vacation, personal time, compensatory time and sick policies generally provide for granting vacation and sick leave with pay in varying amounts. Benefits considered more likely than not to be used or settled at termination are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements and enterprise funds financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements.

In determining the flow assumption in estimating a liability associated with accumulated compensation absences, the City uses a last-in, first-out (LIFO) flows assumption.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid timely in full using current financial resources, are reported as obligations of the funds. However, claims and judgments, intergovernmental commitment, compensated absences and net pension and OPEB liabilities that will be paid from the governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds, notes, and loans are recognized as a liability on the fund financial statements when due. The proprietary funds report all payables, accrued liabilities and long-term obligations associated with the proprietary funds.

Pensions and Other Postemployment Benefits (OPEB)

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance

The City reports classifications of fund equity based on the purpose for which resources were received and the level of constraint placed on the resources in the governmental funds:

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Through the City’s purchasing policy, the Council has given the Finance Director the authority to constrain monies for intended purposes, which are reported as assigned fund balance.

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

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

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. At December 31, 2024, none of the reported \$6.6 million in restricted net position was restricted by enabling legislation.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charged for services for water, sewer and storm water. Operating expenses are necessary costs incurred to provide goods or services that are the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

For the fiscal year ended June 30, 2024, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, and GASB Statement No. 101, *Compensated Absences*.

GASB Statement No. 100 enhances 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 assess accountability. The implementation of GASB Statement No. 100 is presented on the financial statements of the City.

GASB Statement No. 101 provides updated guidance on accounting for and reporting compensated absences, which includes recognizing a liability for leave that is attributable to service already rendered and is more likely than not to be used or otherwise paid or settled. After evaluating the leave policies and balances currently in place, the City determined any effect of implementing the new standard would be insignificant to the financial statements.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. By Ohio law, financial institutions must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Eligible securities must be pledged to the City and deposited with a qualified trustee as security for repayment whose market value at all time shall be at least 105% of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value to be 102% of the deposits being secured or a rate set by the Treasurer of State.

At year-end, the carrying amount of the City's deposits was \$761,821 and the bank balance was \$1,007,892. At December 31, 2024, \$757,892 of the City's bank balance was exposed to custodial credit risk as discussed above.

Investments: Investments are required to be reported at fair value. The Ohio Revised Code authorizes the City to invest in United States and State of Ohio Bonds, notes and other obligations; bank certificate of deposits; banker's acceptances; commercial paper notes rated prime and issued by United States Corporations; and STAR Ohio. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited.

At year end the City had investments in STAR Ohio of \$8,475,859. STAROhio is rated AAAM by Standard and Poor's and comprises 100% of the City's investments. The City measures their investment in STAROhio at the net asset value (NAV) per share provided by STAROhio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 - PROPERTY TAXES

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due February 16; if paid semi-annually, the first payment is due February 16 and the remainder payable by July 13. Under certain circumstances, State statute permits later payment dates to be established.

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

The full tax rate for all City operations for the year ended December 31, 2024 was \$23.53 per \$1,000 of assessed value. The assessed values of real and public utility tangible personal property upon which 2024 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$ 191,473,370
Public Utility Property Assessed Valuation	<u>3,001,970</u>
Total Assessed Valuation	<u>\$ 194,475,340</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represents real and public utility tangible personal property taxes, as well as outstanding delinquencies which are measurable as of December 31, 2024, and for which there is an enforceable legal claim. On the modified accrual basis, the entire receivable has been offset by deferred inflows 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 the full accrual basis, collectible delinquent property taxes have been recorded as revenue, while on the modified accrual basis of accounting the revenue has been reported as deferred inflow of resources – unavailable.

NOTE 6 – INCOME TAXES

Effective January 1, 2020, the City's income tax rate increased to 1.5 percent on substantially all income earned within the City based on voter approval in November 2019. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - CAPITAL ASSETS

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

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Governmental Activities:				
Non-depreciable capital assets:				
Land	\$ 1,471,223	-	-	\$ 1,471,223
Construction in Progress	18,874,945	2,648,894	-	21,523,839
Total Non-depreciable capital assets	20,346,168	2,648,894	-	22,995,062
Depreciable capital assets:				
Buildings	3,627,576	15,129	-	3,642,705
Equipment	4,933,822	172,348	-	5,106,170
Infrastructure	11,703,380	849,304	-	12,552,684
Improvements	281,637	-	-	281,637
Vehicles	2,865,228	-	-	2,865,228
Right to use Leased: Vehicles	-	428,666	-	428,666
Total depreciable capital assets	23,411,643	1,465,447	-	24,877,090
Less: accumulated depreciation/amortization				
Buildings	(1,116,484)	(103,191)	-	(1,219,675)
Equipment	(3,440,475)	(212,596)	-	(3,653,071)
Infrastructure	(1,270,275)	(326,436)	-	(1,596,711)
Improvements	(107,109)	(10,036)	-	(117,145)
Vehicles	(2,136,573)	(81,519)	-	(2,218,092)
Amortization: Leased Vehicles	-	(38,480)	-	(38,480)
Total accumulated depreciation/amortization	(8,070,916)	(772,258) *	-	(8,843,174)
Depreciable capital assets, net	15,340,727	693,189	-	16,033,916
Governmental Activities				
Capital Assets, Net	\$ 35,686,895	3,342,083	-	\$ 39,028,978

* - depreciation/amortization expense was allocated to governmental functions as follows:

General Government	\$ 212,654
Security of Persons and Property	167,488
Transportation	392,116
Total Depreciation Expense	<u>\$ 772,258</u>

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - CAPITAL ASSETS (continued)

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Business-Type Activities:				
Non-depreciable capital assets:				
Construction in Progress	\$ 476,030	3,758,509	-	\$ 4,234,539
Depreciable capital assets:				
Buildings	8,140,915	75,777	-	8,216,692
Equipment	3,043,824	125,740	-	3,169,564
Infrastructure	29,369,676	20,854	-	29,390,530
Improvements	31,921	-	-	31,921
Vehicles	197,982	-	-	197,982
Total depreciable capital assets	40,784,318	222,371	-	41,006,689
Less: accumulated depreciation				
Buildings	(3,131,444)	(200,898)	-	(3,332,342)
Equipment	(1,516,436)	(143,716)	-	(1,660,152)
Infrastructure	(9,314,331)	(541,380)	-	(9,855,711)
Improvements	(9,734)	(722)	-	(10,456)
Vehicles	(189,777)	(2,244)	-	(192,021)
Total accumulated depreciation	(14,161,722)	(888,960) *	-	(15,050,682)
Depreciable capital assets, net	26,622,596	(666,589)	-	25,956,007
Business-Type Activities				
Capital Assets, Net	\$ 27,098,626	3,091,920	-	\$ 30,190,546

* - depreciation expense was allocated to business-type activities as follows:

Water	\$ 277,216
Sewer	443,655
Stormwater	168,089
Total Depreciation Expense	<u>\$ 888,960</u>

NOTE 8 - RECEIVABLES

Receivables at December 31, 2024 consisted of taxes, intergovernmental receivables arising from grants, entitlements and shared revenues, special assessments, TIF, and utility accounts. All receivables are considered fully collectible. Utility accounts receivable at December 31, 2024 were \$133,725.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-share, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. Effective January 1, 2022, members may no longer select the combined plan. In October 2023, the legislature approved House Bill 33, which allows for the consolidation at the discretion of the OPERS Board. While members (e.g., City employees) may have elected the member-directed plan or the combined plan, the majority of employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2103
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit.	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit.	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit.
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years.	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 years.	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 years.

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

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

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

Funding Policy – The ORC provides statutory authority for members and employer contributions. For 2024, member contributions were 10% of salary and employer contribution rates were 14%. Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contributions was \$246,593 for 2024.

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

City full-time police officers participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustment, 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 ORC. OP&F issues a publicly available financial report that includes financial statements, required supplementary information and detailed information about OP&F's fiduciary net position. That report may be obtained by visiting <https://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 UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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 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% for each of the first 20 years of service credit, 2.0% for each of the next five years of service credit, and 1.5% for each year of service credit in excess of 25 years. The maximum pension of 72% of the allowable average annual salary is paid after 33 years of service credit.

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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3% of their base pension or disability benefit.

Funding Policy—The ORC provides statutory authority for member and employer contributions as follows:

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$236,436 for 2024.

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 projected contributions of all participating entities. Following is information related to the proportionate share:

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,552,213	\$ 2,651,801	\$ 5,204,014
Proportion of the net pension liability			
Current measurement date	0.009749%	0.027447%	
Prior measurement date	<u>0.010624%</u>	<u>0.026769%</u>	
Change in proportionate share	<u>-0.000875%</u>	<u>0.000678%</u>	
Pension expense	\$ 269,248	\$ 386,749	\$ 655,997

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 41,713	\$ 85,131	\$ 126,844
Net difference between projected and actual earnings on pension plan investments	515,145	300,506	815,651
Change in assumptions	-	167,591	167,591
Change in City's proportionate share and difference in employer contributions	15,019	193,913	208,932
City contributions subsequent to the measurement date	<u>246,593</u>	<u>236,436</u>	<u>483,029</u>
Total	<u>\$ 818,470</u>	<u>\$ 983,577</u>	<u>\$ 1,802,047</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 29,658	\$ 29,658
Change in assumptions	-	40,271	40,271
Change in City's proportionate share and difference in employer contributions	<u>102,330</u>	<u>5,545</u>	<u>107,875</u>
Total	<u>\$ 102,330</u>	<u>\$ 75,474</u>	<u>\$ 177,804</u>

\$483,029 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Fiscal Year Ending December 31:			
2025	\$ 72,465	\$ 201,842	\$ 274,307
2026	141,700	194,797	336,497
2027	328,737	250,578	579,315
2028	(73,355)	3,364	(69,991)
2029	-	20,469	20,469
Thereafter	<u>-</u>	<u>617</u>	<u>617</u>
	<u>\$ 469,547</u>	<u>\$ 671,667</u>	<u>\$ 1,141,214</u>

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OPERS

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

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

Wage inflation:	2.75%
Future salary increases, including inflation:	2.75% to 10.75%
COLA or Ad Hoc COLA	Pre 1/7/2013 retirees: 3% simple Post 1/7/2013 retirees: 2.30% simple through 2024, then 2.05% simple
Investment rate of return:	6.90%
Actuarial cost method	Individual entry age

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

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

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following chart represents the City's proportionate share of the net pension liability at the 6.90% discount rate, as well as the sensitivity to a 1% increase and 1% decrease in the current discount rate:

	1% Decrease (5.90%)	Current Discount Rate of 6.90%	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 4,017,932	\$ 2,552,213	\$ 1,333,234

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OP&F

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

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

Valuation date	January 1, 2023 with actuarial liabilities rolled forward to December 31, 2023
Actuarial cost method	Entry age normal
Investment rate of return:	7.50%
Projected salary increases	3.75% to 10.50%
Payroll growth	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.5%.
Inflation assumptions	2.75%
Cost of living adjustments	2.2% 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% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. 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 determine using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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 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 real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023 are summarized as follows:

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	18.60%	4.10%
Non-U.S. 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	<u>2.00%</u>	3.50%
Total	<u>125.00%</u>	

*Note: Assumptions are geometric. * Levered 2x*

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on 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 7.5%. 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 earnings were calculated using the longer-term assumed investment rate of return of 7.5%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using a discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate of 7.50%	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 3,512,508	\$ 2,651,801	\$ 1,936,040

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Net OPEB Liability/Asset

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

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

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

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

Plan Description—Ohio Public Employees Retirement System (OPERS)

The OPERS a administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

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

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

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

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

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

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

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

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

Group A 30 years of qualified health care service credit;

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

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

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

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

Group A	Group B	Group C
Age and Service Requirements: <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, 2024 or prior</i> Any age with 10 years of service credit
<i>January 1, 2015 through December 31, 2021</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>January 1, 2015 through December 31, 2021:</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>January 1, 2015 through December 31, 2021</i> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0% of earnable salary and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the ORC. 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. The portion of employer contributions allocated to health care was 0% for members in the Traditional Pension and 2% for members in the Combined Plan.

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 2023 was 4.0%.

The City's contractually required contribution to OPERS for OPEB was \$2,572 for 2024.

Plan Description—OP&F

The City contributes to the OP&F stipend funded via the Health Care Stabilization Fund. This benefit is available to eligible members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. The stipend model allows eligible members the option of choosing an appropriate health care plan on the exchange. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

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

The ORC 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 ORC.

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 ORC 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% of covered payroll for police employer units. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

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

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

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

The City's contractually required contribution to OP&F for OPEB was \$6,001 for 2024.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net OPEB:			
Asset	\$ 84,837	\$ -	\$ 84,837
Liability	-	200,403	200,403
Proportion of the net OPEB liability:			
Current measurement date	0.009400%	0.027447%	
Prior measurement date	<u>0.010063%</u>	<u>0.026769%</u>	
Change in proportionate share	<u>-0.000663%</u>	<u>0.000678%</u>	
OPEB expense/(negative expense)	\$ (6,691)	\$ 32,732	\$ 26,041

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 9,639	\$ 9,639
Net difference between projected and actual earnings on OPEB plan investments	50,950	14,798	65,748
Change in assumptions	21,841	68,960	90,801
Change in City's proportionate share and difference in employer contributions	4,507	54,409	58,916
City contributions subsequent to the measurement date	<u>2,572</u>	<u>6,001</u>	<u>8,573</u>
Total	<u>\$ 79,870</u>	<u>\$ 153,807</u>	<u>\$ 233,677</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 12,075	\$ 36,828	\$ 48,903
Change in assumptions	<u>36,469</u>	<u>129,056</u>	<u>165,525</u>
Total	<u>\$ 48,544</u>	<u>\$ 165,884</u>	<u>\$ 214,428</u>

\$8,573 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset or a reduction of the net OPEB liability in the year ended 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Fiscal Year Ending December 31:			
2025	\$ 783	\$ 20,457	\$ 21,240
2026	5,515	1,903	7,418
2027	39,660	3,228	42,888
2028	(17,204)	(11,065)	(28,269)
2029	-	(13,775)	(13,775)
Thereafter	<u>-</u>	<u>(18,826)</u>	<u>(18,826)</u>
	<u>\$ 28,754</u>	<u>\$ (18,078)</u>	<u>\$ 10,676</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.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total 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 actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74:

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

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

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

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

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

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

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

Sensitivity of the City's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate. The following table presents the City's proportionate share of the net OPEB (asset) calculated using the single discount rate of 5.70%, as well as what the City's proportionate share of the net OPEB (asset) if it were calculated using a discount rate that is 1.0% point lower (4.70%) or 1.0% point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate of 5.70%	1% Increase (6.70%)
City's proportionate share of the net pension liability/(asset)	\$ 46,599	\$ (84,837)	\$ (193,629)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net pension (asset)	\$ (88,312)	\$ (84,837)	\$ (80,796)

Actuarial Assumptions—OP&F

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

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

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and 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 calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial valuation date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
Projected salary increases	3.50% to 10.50%
Payroll growth	3.25%
Single discount rate:	
Current measurement rate	4.07%
Prior measurement rate	4.27%
Municipal bond rate:	
Current measurement rate	3.38%
Prior measurement rate	3.65%
Cost of living adjustments	2.2% 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% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. 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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	18.60%	4.10%
Non-U.S. 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%
Master limited partnerships	5.00%	5.80%
Real assets	8.00%	6.00%
Gold	5.00%	3.50%
Private real estate	12.00%	5.40%
Commodities	<u>2.00%</u>	3.50%
Total	<u>125.00%</u>	

*Note: Assumptions are geometric. * Levered 2x*

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on 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. Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5%. 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% was applied to periods before December 31, 2037, and the municipal bond rate of 3.38% at December 31, 2023 was applied to periods on and after December 31, 2037, resulting in a blended discount rate of 4.07%.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS
(continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate. Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.07%) and 1% point higher (5.07%) than the current discount rate.

	1% Decrease (3.07%)	Current Discount Rate of 4.07%	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$ 246,841	\$ 200,403	\$ 161,293

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation accrual for the City as a whole amounted to \$309,179 at December 31, 2024.

Accumulated Unpaid Sick Leave

All hourly employees earn 4.6 hours of sick leave per 80 hours worked. All salaried employees earn sick leave at the rate of 1.25 days per month. Upon qualifying to retire under one of the two pension systems an employee who has unused accumulated sick leave of up to 60 days is eligible to be paid for a portion of these hours. An employee with between 10 and 20 years of service will be paid at a rate of one day's pay for every two days accrued. An employee with over twenty years of service shall receive one day's pay for each day of accumulated sick leave. The total obligation for sick leave accrual for the City as a whole as of December 31, 2024 was \$230,229.

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CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 12 - 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 renewed their contract with the Ohio Government Risk Management Plan. This Plan does not operate as a risk pool, but provides conventional insurance protection and reinsures these coverages 100 percent. The type of coverage and deductible for each is as follows:

<u>Type of Coverage</u>	<u>Per Occurrence</u>	<u>Deductible</u>
General Liability	\$ 5,000,000	no deductible
Police Liability	5,000,000	\$ 2,500
Errors and Omissions	5,000,000	2,500
Automobile	5,000,000	1,000
Property/Equipment	18,378,202	1,000
Terrorism	21,750,453	25,000
Special Property	2,422,586	1,000
Crime	100,000	1,000
Cyber	1,000,000	10,000
EDP	128,107	1,000
Malicious Assailant	1,000,000	25,000

Settled claims have not exceeded commercial coverage, nor has there been any reduction in coverage amounts, in any of the past five years.

The City joined a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers' compensation rating purposes. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

For 2024, the City provided employee medical insurance benefits through AETNA. The City covers the employee's premiums and deductibles by budgeting \$573,000 for health insurance expenditures. This money is set aside to cover each employee's monthly premium and deductible of \$6,250 after the employee pays the first \$1,100. If the money set aside is not depleted, the City places the excess into a savings account. In 2024, the City made no contributions to or withdrawals from the savings account and the account has a balance of \$156,564. This amount is reflected in the cash balance of each fund based on the original contribution. Dental benefits are also provided by the City.

NOTE 13 – LEASE OBLIGATIONS PAYABLE

The City has entered into agreements to lease vehicles during the year which meet the definition of lease obligations as defined by GASB Statement 87. The future lease payments were discounted based on the interest rate implicit in the lease or using the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts remaining for the lease is as follows:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 76,159	\$ 26,617
2026	81,962	20,810
2027	88,217	14,557
2028	94,955	7,818
2029	55,107	1,297
Total	<u>\$ 396,400</u>	<u>\$ 71,099</u>

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the City's long-term obligations for the year consist of the following:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024	Amount Due In One Year
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 315,000	\$ -	\$ (75,000)	\$ 240,000	\$ 75,000
Bond Premiums	11,867	-	(3,029)	8,838	-
Direct Borrowing - State Infrastructure Bank Loans	16,242,399	2,307,246	(1,685,288)	16,864,357	3,220,074
Other Obligations:					
Financed purchase obligations	74,840	-	(10,428)	64,412	10,825
Lease liability	-	428,666	(32,266)	396,400	76,159
Intergovernmental Commitment	3,026,416	-	(1,487,095)	1,539,321	1,539,321
Compensated Absences **	391,870	86,955	-	478,825	172,401
Net Pension Liability:					
OPERS	2,238,401	-	(458,641)	1,779,760	-
OP&F	2,542,786	109,015	-	2,651,801	-
Net OPEB Liability:					
OPERS	45,696	-	(45,696)	-	-
OP&F	190,587	9,816	-	200,403	-
Total governmental activities	\$ 25,079,862	\$ 2,941,698	\$ (3,797,443)	\$ 24,224,117	\$ 5,093,780
<u>Business-type Activities:</u>					
General Obligation Bonds	\$ 2,740,000	\$ -	\$ (190,000)	\$ 2,550,000	\$ 195,000
Bond Premiums	151,738	-	(10,904)	140,834	-
Direct Borrowing - OPWC Loans	2,132,917	-	(138,539)	1,994,378	138,538
Other Obligations:					
Financed purchase obligations	94,335	-	(42,654)	51,681	45,300
Compensated Absences **	107,152	-	(46,569)	60,583	21,816
Net Pension Liability:					
OPERS	899,989	-	(127,536)	772,453	-
Net OPEB Liability:					
OPERS	17,752	-	(17,752)	-	-
Total business-type activities	\$ 6,143,883	\$ -	\$ (573,954)	\$ 5,569,929	\$ 400,654

** - Change in compensated absences for the year is presented net.

The City issued general obligation bonds in 2017 to provide financing for a current refunding of the 2007 general obligation bonds associated with the expansion of the fire station, in addition to repaying notes associated with the wastewater system, Old Springfield Rd sewer and the purchase of a fire truck. In addition, the 2017 general obligations bond provided \$3.3 million to finance upgrades at the City's wastewater treatment plant. The general obligations bonds are currently being paid from the Police Fund, Fire/EMS Fund, and Sewer Fund.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

The City's future debt service requirements (principal and interest) for the general obligation bonds are as follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 75,000	\$ 7,200	\$ 195,000	\$ 90,850
2026	80,000	4,950	200,000	85,000
2027	85,000	2,550	205,000	79,000
2028	-	-	165,000	72,850
2029	-	-	170,000	67,900
2030-2034	-	-	950,000	247,075
2035-2037	-	-	665,000	53,800
Total	<u>\$ 240,000</u>	<u>\$ 14,700</u>	<u>\$ 2,550,000</u>	<u>\$ 696,475</u>

In October 2021, the City entered into a promissory note with the Ohio Department of Transportation's State Infrastructure Bank program to finance certain infrastructure projects within the City. The maximum amount that can be borrowed under the promissory note is \$5,020,000. Stated interest rate is zero percent through the end of the first twelve months and 3 percent per annum thereafter until repaid in full. Maturity of the loan is 20 years. As of December 31, 2024, the full amount had been drawn against this note and the future debt service requirements follows:

Year	Governmental Activities	
	Principal	Interest
2025	\$ 227,043	\$ 146,816
2026	233,905	139,954
2027	240,975	132,884
2028	248,258	125,601
2029	255,762	118,097
2030-2034	1,399,545	469,750
2035-2039	1,624,231	245,066
2040-2041	720,499	27,220
Total	<u>\$ 4,950,218</u>	<u>\$ 1,405,388</u>

In August 2022, the City entered into an additional promissory note with the Ohio Department of Transportation's State Infrastructure Bank program to finance certain infrastructure projects on Old Springfield and Dog Leg Roads. The maximum amount that can be borrowed under the promissory note is \$13,510,000. Stated interest rate is zero percent through the end of the first twelve months and 3 percent per annum thereafter until repaid in full. Maturity of the loan is 20 years. As of December 31, 2024, the City had borrowed \$13,379,045 and made preliminary repayments of \$1,464,906, with another \$2,993,031 due for repayment in 2025. The repayment schedule for this loan will be officially established once the project is closed and final loan balance established.

In September 2013, the City entered into a Financing and Implementation Agreement with the Montgomery County Transportation Improvement District (MCTID) to construct a new roadway for, as well as to provide necessary utilities to, the Global Logistics Air Park intended to support current and future development within the industrial park. Financing for this project was provided by the City, through a State Infrastructure Bank (SIB) loan obtained through the Montgomery County Port Authority, and grants provided by Montgomery County and the State of Ohio.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Subsequent to the agreement, the Port Authority issued private placement bonds to provide the Montgomery County share of the project. Total estimated cost for the entire project was estimated to be \$13.2 million. Effective December 31, 2019, the MCTID released the infrastructure assets to the appropriate jurisdictions. In 2019, the City recorded contributed capital of \$4,006,622 in roadway infrastructure (governmental activities) and \$4,683,774 in utilities infrastructure; \$759,407, \$646,903, and \$3,277,465 in the water, sewer and storm water funds, respectively.

Associated with the transfer of the infrastructure assets noted above, the City recognized the contractual requirement to repay the outstanding debt as of December 31, 2019 associated with this project through TIF service payments transferred to the MCTID until said debt has matured. The outstanding debt consisted of \$8,026,760 in SIB loan and \$525,000 in private purpose bonds, both of which mature during calendar year 2025, the total of which equaled the long-term intergovernmental commitment of \$8,551,760 recorded by the City in 2019. During 2024, the City paid \$1,487,095 against the principal amount under the contractual agreement. The expected future payments associated with this intergovernmental commitment are as follows:

Year	Governmental Activities	
	Principal	Interest
2025	\$ 1,539,321	\$ 36,104

Over the past several years, the City has obtained interest free loans through the Ohio Public Works Commission for various utility projects as listed below:

Project	Year of Loan	Original Loan Amount	Year of Maturity	Debt Service Made From
Phillipsburg-Union Rd. Sanitary Sewer	2008	\$ 496,822	2028	Sewer Fund
Sanitary Sewer Lagoon Aeration	2011	144,721	2041	Sewer Fund
Water Tower Construction	2010	1,405,000	2040	Water Fund
Shaw Rd Water Tank Recoating	2011	407,744	2031	Water Fund
Hawker Street Water Main Replacement	2014	87,914	2044	Water Fund
W. Martindale Water Main Replacement Phase I	2015	259,444	2046	Water Fund
W. Martindale Water Main Replacement Phase II	2018	295,351	2048	Water Fund
W. Martindale Water Main Replacement Phase III	2018	220,912	2048	Water Fund
W. Martindale Water Main Replacement Phase IV	2019	186,601	2050	Water Fund
Concord West Channel Rehabilitation	2012	50,000	2042	Storm Water Fund
Storm Sewer Lateral and Basin - Phase 1	2015	149,397	2045	Storm Water Fund

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

The City's future debt service payments for the interest free OPWC loans direct borrowings are as follows:

Business-Type Activities			
<u>Year</u>	<u>Principal</u>	<u>Year</u>	<u>Principal</u>
2025	\$ 138,538	2030-2034	507,332
2026	138,539	2035-2039	466,557
2027	138,541	2040-2044	234,126
2028	138,540	2045-2049	115,394
2029	113,698	2050	3,113
	Total		<u>\$ 1,994,378</u>

The City previously entered into agreements to finance the purchase of equipment, which is utilized by the streets and utility departments and are reported as long-term obligations. Payments made in accordance with these agreements have been reclassified and reported as debt service in the respective funds instead of functional expenditures reported on the budgetary basis. The equipment purchased in 2019 and 2016 has been capitalized on the statement of net position as equipment for \$511,900., which is the present value of the total lease payments to be made under the agreements. Principal payments made in 2024 associated with these agreements were \$53,082.

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 10,825	\$ 2,329	\$ 45,300	\$ 1,800
2026	17,284	1,779	1,944	562
2027	17,855	1,208	2,124	381
2028	18,448	616	2,313	194
Total	<u>\$ 64,412</u>	<u>\$ 5,932</u>	<u>\$ 51,681</u>	<u>\$ 2,937</u>

The City pays obligations related to employee compensation (compensated absences as well as pension and OPEB plan contributions) from the fund benefitting from their service.

NOTE 15 - INTERFUND TRANSFERS AND BALANCES

The City had the following transfers during 2024:

<u>Transfer from Fund</u>	<u>Transfer to Fund</u>	<u>Amount</u>
General	Police Fund	\$ 750,000
	Fire/EMS Fund	150,000
	ARPA Federal Grant Fund	700,000
	Other Governmental	20,000
Police	Other Governmental	21,112
Fire/EMS	Other Governmental	63,338
		<u>\$ 1,704,450</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers from the general fund are to provide additional resources for current operations as well as for debt service. The transfers from the Police and Fire/EMS funds were made to nonmajor bond retirement fund for debt service.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 15 - INTERFUND TRANSFERS AND BALANCES (continued)

On the Statement of Activities, transfers from the governmental activities to the business-type activities represents \$3,758,509 of capital assets financed through governmental funds, which were recorded within the capital assets of the appropriate utility funds.

NOTE 16 - FEDERAL AND STATE GRANTS

For the period January 1, 2024 to December 31, 2024 the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 17 – COMMITMENTS/ENCUMBRANCES

Construction Commitment

In September 2023, the City was awarded a \$4.7 million grant from the Ohio Department of Development, using American Rescue Plan Act funding, to finance phase II of the City's wastewater treatment plan renovation and expansion. As of December 31, 2024, expenditures which were deemed covered by the grant conditions totaled \$3.1 million, with the remaining expenditures covered by the City.

Encumbrances

Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, open encumbrances were reported in the following funds:

General Fund	\$	69,548
Police		27,178
Fire/EMS Fund		11,037
Nonmajor Governmental Funds		9,730
Water Fund		28,953
Sewer Fund		27,703
Stormwater Fund		<u>24,392</u>
	\$	<u>198,541</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.

CITY OF UNION, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 19 – DEFICIT FUND BALANCE

At December 31, 2024 the ARPA Federal Grant major capital project fund reported a deficit fund balance of \$88,269. The deficit fund balance resulted from the contracts payable recorded at the end of the year related to the wastewater treatment plant construction project. Project funding is expected shortly after the beginning of the year to finance the payables when they become due. The general fund is responsible for providing temporary funding when necessary, however this is done when cash is needed.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF UNION
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.009626%	\$ 1,161,003	\$ 1,180,200	98.37%	86.45%
2016	0.009560%	1,655,921	1,189,842	139.17%	81.08%
2017	0.009290%	2,109,710	1,256,617	167.89%	77.25%
2018	0.010374%	1,627,431	1,370,892	118.71%	84.66%
2019	0.009683%	2,651,928	1,307,836	202.77%	74.70%
2020	0.009600%	1,897,485	1,350,693	140.48%	82.17%
2021	0.009567%	1,416,722	1,347,514	105.14%	86.88%
2022	0.010184%	886,022	1,477,964	59.95%	92.62%
2023	0.010624%	3,138,390	1,646,871	190.57%	75.74%
2024	0.009749%	2,552,213	1,604,621	159.05%	79.01%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 142,781	\$ (142,781)	-	\$ 1,189,842	12.00%
2016	150,794	(150,794)	-	1,256,617	12.00%
2017	178,216	(178,216)	-	1,370,892	13.00%
2018	183,097	(183,097)	-	1,307,836	14.00%
2019	189,097	(189,097)	-	1,350,693	14.00%
2020	188,652	(188,652)	-	1,347,514	14.00%
2021	206,915	(206,915)	-	1,477,964	14.00%
2022	230,562	(230,562)	-	1,646,871	14.00%
2023	224,647	(224,647)	-	1,604,621	14.00%
2024	246,593	(246,593)	-	1,761,379	14.00%

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

See accompanying notes to the supplementary information.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND

Measurement Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.014540%	\$ 753,245	\$ 298,870	252.03%	71.71%
2016	0.014074%	905,390	301,309	300.49%	66.77%
2017	0.015495%	981,459	382,000	256.93%	68.36%
2018	0.016102%	988,243	369,968	267.12%	70.91%
2019	0.017359%	1,406,942	419,784	335.16%	63.07%
2020	0.021964%	1,479,602	567,032	260.94%	69.89%
2021	0.022826%	1,556,069	636,295	244.55%	70.65%
2022	0.026352%	1,646,298	734,684	224.08%	75.03%
2023	0.026769%	2,542,786	823,042	308.95%	62.90%
2024	0.027447%	2,651,801	896,421	295.82%	63.63%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 60,533	\$ (60,533)	-	\$ 301,309	20.09%
2016	74,490	(74,490)	-	382,000	19.50%
2017	70,294	(70,294)	-	369,968	19.00%
2018	79,759	(79,759)	-	419,784	19.00%
2019	107,736	(107,736)	-	567,032	19.00%
2020	120,896	(120,896)	-	636,295	19.00%
2021	139,590	(139,590)	-	734,684	19.00%
2022	156,378	(156,378)	-	823,042	19.00%
2023	170,320	(170,320)	-	896,421	19.00%
2024	236,436	(236,436)	-	1,200,297	19.70%

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

See accompanying notes to the supplementary information.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

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

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.008690%	\$ 877,764	\$ 1,256,617	69.85%	54.05%
2018	0.009678%	1,051,000	1,370,892	76.67%	54.14%
2019	0.009017%	1,175,554	1,307,836	89.89%	46.33%
2020	0.008940%	1,234,895	1,350,693	91.43%	47.80%
2021	0.008910%	(158,739)	1,347,514	(11.78%)	115.57%
2022	0.009478%	(296,858)	1,477,964	(20.09%)	128.23%
2023	0.010063%	63,448	1,646,871	3.85%	94.79%
2024	0.009400%	(84,837)	1,604,621	(5.29%)	107.76%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 23,797	\$ (23,797)	\$ -	\$ 1,189,842	2.00%
2016	25,133	(25,133)	-	1,256,617	2.00%
2017	13,708	(13,708)	-	1,370,892	1.00%
2018	-	-	-	1,307,836	0.00%
2019	-	-	-	1,350,693	0.00%
2020	-	-	-	1,347,514	0.00%
2021	-	-	-	1,477,964	0.00%
2022	799	(799)	-	1,646,871	0.05%
2023	2,193	(2,193)	-	1,604,621	0.14%
2024	2,572	(2,572)	-	1,761,379	0.15%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

See accompanying notes to the supplementary information.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
AND CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE PENSION FUND

Measurement Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.015495%	\$ 735,529	\$ 382,000	192.55%	15.96%
2018	0.016102%	912,308	369,968	246.59%	14.13%
2019	0.017359%	158,079	419,784	37.66%	46.57%
2020	0.021964%	216,953	567,032	38.26%	47.08%
2021	0.022826%	241,845	636,295	38.01%	45.42%
2022	0.026352%	288,836	734,684	39.31%	46.90%
2023	0.026769%	190,587	823,042	23.16%	52.59%
2024	0.027447%	200,403	896,421	22.36%	51.90%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 1,552	\$ (1,552)	\$ -	\$ 301,309	0.52%
2016	1,967	(1,967)	-	382,000	0.51%
2017	1,954	(1,954)	-	369,968	0.53%
2018	2,099	(2,099)	-	419,784	0.50%
2019	2,835	(2,835)	-	567,032	0.50%
2020	3,181	(3,181)	-	636,295	0.50%
2021	3,673	(3,673)	-	734,684	0.50%
2022	4,115	(4,115)	-	823,042	0.50%
2023	4,424	(4,424)	-	896,421	0.50%
2024	6,001	(6,001)	-	1,200,297	0.50%

(1) Information prior to 2017 is not available. The City will continue to present information for years available until a full ten-year trend is compiled.

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

See accompanying notes to the supplementary information.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property Taxes	\$ 208,000	208,000	291,731	83,731
Municipal Income Taxes	5,162,000	5,162,000	4,808,801	(353,199)
Intergovernmental Revenue	161,000	161,000	181,955	20,955
Charges for Services	100,800	100,800	74,842	(25,958)
Fines, Licenses and Permits	131,650	131,650	91,223	(40,427)
Investment Income	5,000	5,000	76,412	71,412
Other Revenue	130,000	130,000	384,667	254,667
Total Revenues	5,898,450	5,898,450	5,909,631	11,181
Expenditures:				
Current:				
General Government	2,551,462	1,849,662	1,786,799	62,863
Capital Outlay	2,842,399	1,979,803	1,087,724	892,079
Total Expenditures	5,393,861	3,829,465	2,874,523	954,942
Excess of Revenues Over (Under) Expenditures	504,589	2,068,985	3,035,108	966,123
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	320	320
Transfers Out	(1,220,000)	(2,082,596)	(1,720,000)	362,596
Total Other Financing Sources (Uses)	(1,220,000)	(2,082,596)	(1,719,680)	362,916
Net Change in Fund Balance	(715,411)	(13,611)	1,315,428	1,329,039
Fund Balance, Beginning of Year	821,963	821,963	821,963	-
Prior Year Encumbrances Appropriated	22,211	22,211	22,211	-
Fund Balance, End of Year	\$ 128,763	830,563	2,159,602	1,329,039

See accompanying notes to the required supplementary information.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property Taxes	\$ 988,000	1,122,879	1,112,400	(10,479)
Intergovernmental Revenue	309,004	386,000	142,779	(243,221)
Investment Income	1,000	1,000	4,000	3,000
Other Revenue	50,000	50,000	36,930	(13,070)
Total Revenues	1,348,004	1,559,879	1,296,109	(263,770)
Expenditures:				
Current:				
Security of Persons and Property	1,626,176	1,813,176	1,811,065	2,111
Capital Outlay	86,114	87,114	108,878	(21,764)
Total Expenditures	1,712,290	1,900,290	1,919,943	(19,653)
Excess of Revenues Over (Under) Expenditures	(364,286)	(340,411)	(623,834)	(283,423)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	-	-	15,277	15,277
Transfers In	500,000	500,000	750,000	250,000
Transfers Out	(21,113)	(21,113)	(21,112)	1
Total Other Financing Sources (Uses)	478,887	478,887	744,165	265,278
Net Change in Fund Balance	114,601	138,476	120,331	(18,145)
Fund Balance, Beginning of Year	50,720	50,720	50,720	-
Prior Year Encumbrances Appropriated	403	403	403	-
Fund Balance, End of Year	\$ 165,724	189,599	171,454	(18,145)

See accompanying notes to the required supplementary information.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire/EMS Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property Taxes	\$ 713,000	713,000	727,336	14,336
Intergovernmental Revenue	100,000	172,000	139,060	(32,940)
Charges for Services	290,000	290,000	333,436	43,436
Investment Income	5,500	5,500	5,549	49
Other Revenue	15,000	30,000	17,900	(12,100)
Total Revenues	1,123,500	1,210,500	1,223,281	12,781
Expenditures:				
Current:				
Security of Persons and Property	1,076,428	1,168,628	1,158,198	10,430
Capital Outlay	26,735	70,010	64,160	5,850
Total Expenditures	1,103,163	1,238,638	1,222,358	16,280
Excess of Revenues Over (Under) Expenditures	20,337	(28,138)	923	29,061
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	177	177
Transfers In	100,000	150,000	150,000	-
Transfers Out	(63,337)	(83,337)	(63,338)	19,999
Total Other Financing Sources (Uses)	36,663	66,663	86,839	20,176
Net Change in Fund Balance	57,000	38,525	87,762	49,237
Fund Balance, Beginning of Year	183,878	183,878	183,878	-
Prior Year Encumbrances Appropriated	1,000	1,000	1,000	-
Fund Balance, End of Year	\$ 241,878	223,403	272,640	49,237

See accompanying notes to the required supplementary information.

CITY OF UNION
MONTGOMERY COUNTY, OHIO

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
TIF Fund
For the Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
TIF Service Payments	\$ 1,853,000	5,169,500	5,355,075	185,575
Intergovernmental Revenue	750,000	750,000	1,750,000	1,000,000
Investment Income	100,000	100,000	92,456	(7,544)
Other Revenue	104,365	104,365	99,333	(5,032)
Total Revenues	2,807,365	6,123,865	7,296,864	1,172,999
Expenditures:				
Current:				
Economic Development	2,000,000	2,011,295	2,026,390	(15,095)
Capital Outlay	708,202	2,687,402	1,703,056	984,346
Debt Service:				
Principal	1,650,000	1,650,000	1,650,000	-
Interest	203,000	222,825	186,930	35,895
Total Expenditures	4,561,202	6,571,522	5,566,376	1,005,146
Excess of Revenues Over (Under) Expenditures	(1,753,837)	(447,657)	1,730,488	2,178,145
Other Financing Sources:				
Loan Issuance	1,753,837	2,458,202	1,454,146	(1,004,056)
Total Other Financing Sources	1,753,837	2,458,202	1,454,146	(1,004,056)
Net Change in Fund Balance	-	2,010,545	3,184,634	1,174,089
Fund Balance, Beginning of Year	9,337	9,337	9,337	-
Fund Balance, End of Year	\$ 9,337	2,019,882	3,193,971	1,174,089

See accompanying notes to the required supplementary information.

CITY OF UNION, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – PENSION

Changes of Benefit Terms:

There have been no changes in benefit terms.

Changes of Assumptions:

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

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

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

NOTE B. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – OPEB

Changes of Benefit Terms:

There have been no changes in benefit terms.

Changes of Assumptions:

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

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00%, and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2028 to 10.5% initial, 3.50% ultimate in 2030.

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

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

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

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

CITY OF UNION, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE C. OHIO POLICE AND FIRE PENSION FUND – PENSION

Changes of Benefit Terms:

There have been no changes in benefit terms.

Changes of Assumptions:

In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2016. Significant changes included a reduction of the discount rate from 8.25% to 8.0%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables.

In 2022, the single discount rate changed from 8.0% to 7.5%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2021. Significant changes included transition from RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

NOTE D. OHIO POLICE AND FIRE PENSION FUND – OPEB

Changes of Benefit Terms:

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model, depositing stipends into individual health reimbursements accounts that retirees will use to be reimbursed for health care expenses.

Changes of Assumptions:

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

In 2019, the single discount rate changed from 3.24% to 4.66%.

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

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

In 2022, the single discount rate changed from 2.96% to 2.84%.

In 2023, changes in assumptions were made based upon an updated experience study that was completed for five-year period ended December 31, 2012. Significant changes included an increase of the single discount rate from 2.84% to 4.27% and transition from the RP-2014 mortality tables to the Pub-2010 Safety mortality tables projected using the MP-2021 Improvement Scale.

In 2024, the single discount rate changed from 4.27% to 4.07%.

CITY OF UNION, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE E. BUDGETARY BASIS OF ACCOUNTING

Budgetary Process

All funds, except for custodial funds, are legally required to be budgeted and appropriated before any expenditure may be made out of the respective funds. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation 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 appropriation 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 the Council at the object level for all funds.

Appropriations may be allocated within each department and sub-object level within each fund. Council must approve any revisions that alter total fund or object level appropriations.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. 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 amended certificate at the time final appropriations were adopted.

The appropriation resolution is subject to amendment by Council 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 covers 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.

Budget to GAAP Reconciliation

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis), presented for the general fund and each major special revenue fund is presented on the budgetary basis to provide meaningful comparisons of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

CITY OF UNION, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE E. BUDGETARY BASIS OF ACCOUNTING (continued)

4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis). In addition, the refuse fund recognized a capital lease in the GAAP statements which did not provide resources on the budgetary statements.
5. The Parks and Recreation fund is combined with the General Fund for reporting purposes as it has no restricted or committed revenue sources, however, it is legally required to have a separate budget adopted and therefore not combined with the General Fund on the budget basis. In addition, the City has funds held on deposit with the Montgomery County Transportation Improvement District which are restricted to certain improvements within the City's TIF area. As these resources are not within the control of the City, they are not accounted for within the annual budget of the TIF Fund.

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses General Fund and Major Special Revenue Funds			
	General	Police	Fire/EMS	TIF
GAAP Basis	\$ 1,421,616	\$ 158,726	\$ 88,735	\$ 5,419,746
Revenue Accruals	63,760	(4,684)	(298)	-
Expenditure Accruals	(39,822)	185,974	62,197	(632,382)
Encumbrances	(69,548)	(27,178)	(11,037)	-
Debt Issuances	(79,886)	(192,507)	(51,835)	(652,643)
Budgeting Differences	19,308	-	-	(950,087)
Budget Basis	<u>\$ 1,315,428</u>	<u>\$ 120,331</u>	<u>\$ 87,762</u>	<u>\$ 3,184,634</u>

CITY OF UNION
MONTGOMERY COUNTY, OHIO

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

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM / CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed through the State of Ohio Office of Budget and Management</i> COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	66,691
<i>Passed through the Ohio Department of Development</i> COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	3,300,986
			<u>3,367,677</u>
Total U.S. Department of the Treasury			<u>3,367,677</u>
Total Federal Expenditures			<u>\$ 3,367,677</u>

The accompanying notes are an integral part of this schedule.

**CITY OF UNION
MONTGOMERY COUNTY, OHIO**

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

NOTE 1 – BASIS OF PRESENTATION

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – MATCHING REQUIREMENTS

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



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

Members of City Council
City of Union, Ohio
118 North Main Street
Union, Ohio 45322

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Union, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 26, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 26, 2025



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

Members of City Council
City of Union, Ohio
118 North Main Street
Union, Ohio 45322

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

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

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

Basis for Opinion on Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 26, 2025

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
ALN 21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds	
Dollar threshold to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None noted

Section III – Federal Awards Findings and Questioned Costs

None noted



OHIO AUDITOR OF STATE KEITH FABER



CITY OF UNION

MONTGOMERY 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 2/3/2026

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