



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF HARRISON  
HAMILTON COUNTY  
DECEMBER 31, 2024**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities .....	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - Budget (Non-GAAP) Basis	
General Fund .....	22
Street Fund .....	23
Fire Improvement Fund .....	24
Statement of Fund Net Position –	
Proprietary Funds .....	25
Statement of Revenues, Expenses and Changes in Fund Net Position –	
Proprietary Funds .....	26
Statement of Cash Flows .....	27
Statement of Fiduciary Net Position – Custodial Funds .....	28
Statement of Changes in Fiduciary Net Position – Custodial Funds .....	29
Notes to the Basic Financial Statements.....	31

**CITY OF HARRISON  
HAMILTON COUNTY  
DECEMBER 31, 2024**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability And City Pension Contributions (OPERS) .....	80
Schedule of the City's Proportionate Share of the Net Pension Liability And City Pension Contributions (OP&F) .....	81
Schedule of the City's Proportionate Share of the Net OPEB Liability/(Asset) And City OPEB Contributions (OPERS) .....	82
Schedule of the City's Proportionate Share of the Net OPEB Liability And City OPEB Contributions (OP&F) .....	83
Notes to Required Supplementary Information .....	84
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	87



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## INDEPENDENT AUDITOR'S REPORT

City of Harrison  
Hamilton County  
300 George Street  
Cincinnati, Ohio 45030

To the Council Members:

### **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 Harrison, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

#### ***Emphasis of Matter***

As discussed in Note 16 to the financial statements, during 2024 the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to these matters.

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

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

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

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

KEITH FABER  
Ohio Auditor of State



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

September 25, 2025

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**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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

## **Financial Highlights**

Key financial highlights for the year ended December 31, 2024 include:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent year by \$55,679,627.
- The City's total net position increased during the year by \$6,611,212, or 13%.
- Governmental activities unrestricted net position was in a deficit of \$2,498,971 primarily attributable to the City's recognition of its proportionate share of net pension and other postemployment benefit (OPEB) liabilities.
- The City's total expenses were \$21,810,678, an increase of \$1,988,300.
- Program revenues of \$13,251,599 reduced the net cost of the City's functions to be financed from the City's general revenues to \$8,559,079.

## **Using this Annual Financial Report**

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

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

## **Reporting the City as a Whole**

### *Statement of Net Position and the Statement of Activities*

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

These two statements report the City's net position and changes in net position. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements should take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of its capital assets. In the Statement of Net Position and the Statement of Activities, the financial information of the City is divided into two kinds of activities:

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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- **Governmental Activities** – Most of the City's services are reported here including police and fire protection, parks and recreation, street repair and maintenance, and general government.
- **Business-Type Activities** – These activities include the water, sewer, storm water, sanitation and water/wastewater deposits operations where the fees charged for these services are based upon the amount of usage and the intent is to recoup operational costs through the user fees.

### **Reporting the City's Most Significant Funds**

#### *Fund Financial Statements*

Fund financial reports provide detailed information about each major fund. The major funds of the City include the General, Street, Fire Improvement, Capital Improvement, Water, and Sewer funds. The City uses many funds to account for a multitude of financial transactions. However, the focus of the fund financial statements is on the City's most significant funds, and therefore only the major funds are presented in separate columns. All other funds are combined into one column for reporting purposes.

#### Governmental Funds

Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed 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 that can be spent in the near future on services provided to our residents. 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

The City maintains one type of proprietary funds; enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water, sanitation and water/wastewater deposit management functions. The City charges citizens for the services it provides, with the intent of recouping operating costs.

#### Fiduciary Funds

The financial activity of custodial funds, for which the City acts as the fiscal agent, is reported separately in the Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. This financial activity is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes. Custodial funds are the only fiduciary fund type used by the City.

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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**The City as a Whole**

Recall that the Statement of Net Position provides the perspective of the City as a whole. In the case of the City of Harrison, Ohio, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by a total of \$55.7 million at December 31, 2024.

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

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 26,824,640	\$ 22,455,325	\$ 13,952,949	\$ 17,405,371	\$ 40,777,589	\$ 39,860,696
Capital assets	30,564,595	28,923,955	41,903,849	38,048,786	72,468,444	66,972,741
Total assets	57,389,235	51,379,280	55,856,798	55,454,157	113,246,033	106,833,437
Deferred outflows of resources	5,834,749	7,302,584	687,040	1,034,582	6,521,789	8,337,166
Long-term liabilities:						
Net pension liability	17,739,929	18,259,137	1,384,652	1,600,584	19,124,581	19,859,721
Net OPEB liability	1,162,471	1,225,916	-	37,621	1,162,471	1,263,537
Other long-term liabilities	9,807,216	7,812,019	23,706,520	25,578,327	33,513,736	33,390,346
Other liabilities	1,508,731	1,632,028	689,610	1,049,590	2,198,341	2,681,618
Total liabilities	30,218,347	28,929,100	25,780,782	28,266,122	55,999,129	57,195,222
Deferred inflows of resources	8,043,695	7,517,777	45,371	12,408	8,089,066	7,530,185
Net position:						
Net investment in capital assets	23,591,838	22,259,191	19,468,842	17,779,240	43,060,680	40,038,431
Restricted	3,869,075	4,073,503	53,405	-	3,922,480	4,073,503
Unrestricted (deficit)	(2,498,971)	(4,097,707)	11,195,438	10,430,969	8,696,467	6,333,262
Total net position	\$ 24,961,942	\$ 22,234,987	\$ 30,717,685	\$ 28,210,209	\$ 55,679,627	\$ 50,445,196

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

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 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 Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the City's proportionate share of each plan's collective:

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

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

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

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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As displayed in Table 1, total net position of the City increased by \$6,611,212 from 2023 to 2024. Total assets increased by 6.0%, while total liabilities decreased by 2.1%.

The increase in assets was primarily in cash and capital assets. The City continued to experience positive operating results in 2024 that benefited many of the City's funds. The City continued to invest in its capital assets, including improvements to roads and utility facilities and purchase of equipment.

The decrease in liabilities was primarily in unearned revenue and net pension liability. The decrease in unearned revenue was due to spending pandemic-related grant funding that was received in advance. The decrease in the net pension liability was attributable to better investment performance during the measurement period.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 64% of total assets. Capital assets include land, construction in progress, land improvements, building and improvements, equipment, vehicles and infrastructure. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. The deficit balance reported in governmental activities is attributable to the recognition of the City's proportionate share of net pension and OPEB liabilities in accordance with GASB Statement Nos. 68 and 75. If the net pension and OPEB liabilities and related deferrals were excluded, the unrestricted net position for governmental activities would be a positive \$12,262,156. As the operation of the state-wide retirement systems are outside the control of the City and varies significantly from year to year based on the performance of investments, it's important to acknowledge the significant impact the recognition of net pension and OPEB liabilities have on the City's reported net position.

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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Table 2 shows the changes in the governmental and business-type net position for the year ended December 31, 2024 compared with the prior year.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program revenues:						
Charges for services	\$ 2,318,363	\$ 1,991,957	\$ 8,632,380	\$ 8,535,284	\$ 10,950,743	\$ 10,527,241
Operating grants and contributions	1,262,028	1,778,879	-	8,229	1,262,028	1,787,108
Capital grants and contributions	1,005,842	2,923,661	32,986	12,020	1,038,828	2,935,681
Total program revenues	<u>4,586,233</u>	<u>6,694,497</u>	<u>8,665,366</u>	<u>8,555,533</u>	<u>13,251,599</u>	<u>15,250,030</u>
General revenues:						
Income taxes	6,766,695	5,894,384	-	-	6,766,695	5,894,384
Property and other taxes	5,672,614	5,146,545	-	-	5,672,614	5,146,545
Grants and contributions not restricted to specific programs	1,007,049	819,533	-	-	1,007,049	819,533
Investment earnings	1,374,567	1,148,622	161,089	267,294	1,535,656	1,415,916
Miscellaneous	179,379	258,621	8,898	76,120	188,277	334,741
Total general revenues	<u>15,000,304</u>	<u>13,267,705</u>	<u>169,987</u>	<u>343,414</u>	<u>15,170,291</u>	<u>13,611,119</u>
Total revenues	<u>19,586,537</u>	<u>19,962,202</u>	<u>8,835,353</u>	<u>8,898,947</u>	<u>28,421,890</u>	<u>28,861,149</u>
Expenses:						
Security of persons and property	10,560,868	10,225,357	-	-	10,560,868	10,225,357
Public health services	322,217	289,917	-	-	322,217	289,917
Leisure time activities	295,542	283,427	-	-	295,542	283,427
Community and economic development	337,664	354,636	-	-	337,664	354,636
Transportation	1,673,059	1,464,614	-	-	1,673,059	1,464,614
General government	2,305,734	1,383,148	-	-	2,305,734	1,383,148
Interest on long-term debt	93,682	96,888	-	-	93,682	96,888
Water	-	-	2,634,590	2,056,708	2,634,590	2,056,708
Sewer	-	-	2,829,531	2,935,793	2,829,531	2,935,793
Storm water	-	-	51,079	52,685	51,079	52,685
Water/wastewater deposit	-	-	28,902	7,274	28,902	7,274
Sanitation	-	-	677,810	671,931	677,810	671,931
Total expenses	<u>15,588,766</u>	<u>14,097,987</u>	<u>6,221,912</u>	<u>5,724,391</u>	<u>21,810,678</u>	<u>19,822,378</u>
Excess (deficiency) before transfers	<u>3,997,771</u>	<u>5,864,215</u>	<u>2,613,441</u>	<u>3,174,556</u>	<u>6,611,212</u>	<u>9,038,771</u>
Transfers	<u>(28,872)</u>	<u>(150,099)</u>	<u>28,872</u>	<u>150,099</u>	<u>-</u>	<u>-</u>
Change in net position	3,968,899	5,714,116	2,642,313	3,324,655	6,611,212	9,038,771
Beginning net position	22,234,987	16,520,871	28,210,209	24,885,554	50,445,196	41,406,425
<i>Implementation of GASBS No. 101</i>	<u>(1,241,944)</u>	<u>-</u>	<u>(134,837)</u>	<u>-</u>	<u>(1,376,781)</u>	<u>-</u>
Beginning net position, as restated	<u>20,993,043</u>	<u>16,520,871</u>	<u>28,075,372</u>	<u>24,885,554</u>	<u>49,068,415</u>	<u>41,406,425</u>
Ending net position	<u>\$ 24,961,942</u>	<u>\$ 22,234,987</u>	<u>\$ 30,717,685</u>	<u>\$ 28,210,209</u>	<u>\$ 55,679,627</u>	<u>\$ 50,445,196</u>

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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*Governmental Activities*

Total governmental activities revenue decreased by \$375,665, or 2%. The decrease was driven by capital grant funding received in the prior year from the Ohio Public Works Commission and Ohio Department of Transportation for several roadway and bridge improvements. These projects were completed in the current year. This decrease was partially offset by continued growth in income taxes, as the local economy continued to show improvement, and property taxes, due to higher assessed valuations.

Total expenses for governmental activities increased by \$1,490,779, representing an 11% rise. Nearly all of the City's functions observed cost increases, excluding community and economic development as well as interest on long-term debt. This substantial increase was primarily driven by the implementation of GASB Statement No. 101 during the current year, which amended the accounting and financial reporting standards for compensated absences. Consequently, there was a restatement of the beginning net position amounting to \$1,241,944. Additionally, the growth in expenses can be attributed to increases in salaries and benefits along with general inflationary pressures.

Table 3, for governmental activities, indicates the total cost of services and the net cost of services. The statement of activities reflects the cost of program services and the charges for services and operating and capital grants offsetting those services. The net cost of services identifies the cost of those services supported by income and property taxes revenues and unrestricted intergovernmental revenue.

**Table 3**  
**Governmental Activities**

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Security of persons and property	\$ 10,560,868	\$ 9,045,362	\$ 10,225,357	\$ 8,685,083
Public health services	322,217	147,939	289,917	136,151
Leisure time activities	295,542	209,664	283,427	202,104
Community and economic development	337,664	(126,688)	354,636	152,001
Transportation	1,673,059	(234,385)	1,464,614	(2,325,009)
General government	2,305,734	1,866,959	1,383,148	456,272
Interest on long-term debt	93,682	93,682	96,888	96,888
Total cost of services	<u>\$ 15,588,766</u>	<u>\$ 11,002,533</u>	<u>\$ 14,097,987</u>	<u>\$ 7,403,490</u>

It should be noted that 29% of the cost of services for governmental activities are derived from program revenues, including charges for services and operating and capital grants. As shown by the total net costs of \$11,002,533, the majority of the City's programs are funded by general revenues. A significant portion of the total general revenues consists of income and property taxes.

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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*Business-Type Activities*

The City's major business-type activities include water and sewer operations. The utility operations experienced growth during 2024, with the Water Fund reporting operating income of \$10,223 and the Sewer Fund reporting operating income of \$2,868,343. The total increase in net position of \$2,642,313 was lower than prior year's increase of \$3,324,655, due to implementation of GASB Statement No. 101, higher salaries and benefits, general inflationary increases and water tower repairs.

**The City's Funds**

Information about the City's major governmental funds begins after the Statement of Activities. These funds are reported using the modified accrual basis of accounting. Governmental funds had total revenues of \$19.6 million, expenditures of \$17.2 million, and net other financing sources of \$1.1 million. During 2024, total fund balance of the governmental funds increased by approximately \$3.5 million to a total fund balance at year-end of \$17.4 million. While capital assets are included in the statement of net position, expenditures are recognized in the fund statements thereby reducing the amount of resources available for future spending. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City's General Fund experienced an increase in fund balance during 2024 of \$532,042. The General Fund is the primary fund that finances government services to citizens. The increase in fund balance was \$741,029 lower than the prior year's increase of \$1,273,251. In addition to the increases in salaries and benefits and general inflationary increases, transfers out of the General Fund increased by \$1,881,400 to fund road and bridge improvements.

The Street Fund experienced an increase of \$638,142 during 2024. This fund is used to account for state gasoline and motor vehicle license taxes received to improve and maintain the City's streets. During 2024, the City continued construction work on Campbell Road and the Dry Fork Bridge Corridor.

The Fire Improvement Fund decreased by \$21,637, lower from the prior year, due to increases in salaries, overtime and benefits.

The Capital Improvement Fund experienced a increase of \$10,574 during 2024; higher than last year's decrease, due to completion of the West Road overpass project and starting the planning phases of several road improvement projects.

Explanation of the changes in the major enterprise funds of the City follow the same explanations as those provided in the assessment of the business-type activities noted above since enterprise funds are accounted for using full accrual accounting, the same accounting basis used in the City-wide statements.

**General Fund Budgeting Highlights**

The City's budget is adopted on a fund basis. Before the budget is adopted, Council reviews the budgets of each department within the General Fund and other funds, and then adopts the budget. The legal level of budgetary control is at the object level. During 2024, the City amended its original budgetary amounts several times as certain information became known. Within each departmental budget, the Finance Director may make small line-item adjustments within the budget, as long as the total operational and maintenance amount does not exceed their budgetary allotment.

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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The final budget for estimated revenues increased 1.3% from the original budget due to conservative estimates for property taxes and related homestead and rollbacks. Actual revenues came in approximately \$2.6 million higher than budgeted, as income taxes were significantly above estimates.

The final budget for expenditures was higher from the original budget, increasing by 7% to account for higher salaries and benefits. Due to the City's continuing efforts to monitor and control expenditures, actual budgetary expenditures came in \$93,663 less than the final budget for 2024.

### **Capital Assets**

At the end of fiscal year 2024, the City had a total of \$114.0 million invested in capital assets, less accumulated depreciation of \$41.5 million, resulting in total capital assets, net of accumulated depreciation, of \$72.5 million. The City continued its efforts to upgrade its capital assets during 2024. The City completed the West Road overpass, water softening improvements, and water chemical room upgrades. Construction is ongoing for Dry Forks Bridge Corridor and started for Dair Avenue Reconstruction. Improvements for Circle Drive, Weathervane Lane, and Mackie & Burk Lane also began in 2024. Additionally in 2024, the City purchased a pumper truck for approximately \$1 million that was purchased with a lease-purchase agreement.

Table 4 shows 2024 balances compared to those of 2023:

**Table 4**  
**Capital Assets at Year-End**  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 3,015,891	\$ 3,015,891	\$ 485,420	\$ 485,420	\$ 3,501,311	\$ 3,501,311
Construction in progress	2,562,987	3,416,720	5,553,438	9,072,982	8,116,425	12,489,702
Land improvements	-	-	340,627	-	340,627	-
Buildings and improvements	1,602,944	1,576,029	12,197,171	4,336,535	13,800,115	5,912,564
Furniture and equipment	1,112,400	1,069,733	574,329	603,069	1,686,729	1,672,802
Vehicles	1,498,106	1,285,401	394,347	465,380	1,892,453	1,750,781
Infrastructure	<u>20,772,267</u>	<u>18,560,181</u>	<u>22,358,517</u>	<u>23,085,400</u>	<u>43,130,784</u>	<u>41,645,581</u>
<b>Totals</b>	<b>\$ 30,564,595</b>	<b>\$ 28,923,955</b>	<b>\$ 41,903,849</b>	<b>\$ 38,048,786</b>	<b>\$ 72,468,444</b>	<b>\$ 66,972,741</b>

Additional information on the City's capital assets can be found in Note 7 to the basic financial statements.

**CITY OF HARRISON, OHIO**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2024**  
*Unaudited*

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**Debt Administration**

At December 31, 2024, the City had a total of \$30.0 million of long-term debt obligations compared with \$31.8 million reported at December 31, 2023. Table 5 shows outstanding debt obligations of the City at December 31, 2024 compared with 2023:

**Table 5**  
**Outstanding Long-term Debt Obligations at Year end**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General Obligation Bonds	\$ 2,055,000	\$ 2,275,000	\$ 9,475,000	\$ 10,125,000	\$ 11,530,000	\$ 12,400,000
Promissory Notes	139,617	181,917	-	-	139,617	181,917
Lease-Purchase Obligations	1,351,654	595,554	-	106,756	1,351,654	702,310
OPWC Loans	3,300,824	3,518,652	371,560	484,898	3,672,384	4,003,550
OWDA Loans	-	-	13,353,232	14,541,545	13,353,232	14,541,545
<b>Total</b>	<b>\$ 6,847,095</b>	<b>\$ 6,571,123</b>	<b>\$ 23,199,792</b>	<b>\$ 25,258,199</b>	<b>\$ 30,046,887</b>	<b>\$ 31,829,322</b>

Of the City's general obligation bonds outstanding at December 31, 2024, \$2.1 million are accounted for within the governmental activities and the remaining \$9.5 million are reported in the Sewer Fund.

OPWC loans represent interest-free loans from the State of Ohio and are paid from general revenues of the General Fund and from charges for services in the Sewer and Storm Water Funds. The OWDA loans outstanding at year-end are associated with the City's Water enterprise fund and are paid with the revenue sources of that fund.

During 2024, the City issued \$675,883 in OWDA loans, \$34,000 in OPWC loans, and \$962,011 in a lease-purchase obligation to finance the previously mentioned pumper truck.

See Note 11 of the notes to the basic financial statements for more detailed information on the debt obligations of the City.

**Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department at City of Harrison, Ohio, 300 George Street, Harrison, Ohio 45030.

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## CITY OF HARRISON, OHIO

Statement of Net Position

December 31, 2024

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in pooled cash and investments	\$ 16,716,589	\$ 11,745,023	\$ 28,461,612
Cash in segregated accounts	12,986	-	12,986
Receivables:			
Property and other taxes	5,746,536	-	5,746,536
Payment in lieu of taxes	788,733	-	788,733
Income taxes	1,875,249	-	1,875,249
Accounts	119,403	972,253	1,091,656
Intergovernmental	1,335,447	-	1,335,447
Prepaid items	128,060	47,947	176,007
Materials and supplies inventory	10,702	251,031	261,733
Restricted cash and investments	-	883,290	883,290
Net OPEB asset	90,935	53,405	144,340
Non-depreciable capital assets	5,578,878	6,038,858	11,617,736
Depreciable capital assets, net	24,985,717	35,864,991	60,850,708
Total assets	<u>57,389,235</u>	<u>55,856,798</u>	<u>113,246,033</u>
<b>Deferred Outflows of Resources</b>			
Deferred loss on refunding	-	187,911	187,911
Pensions	5,125,764	447,088	5,572,852
OPEB	<u>708,985</u>	<u>52,041</u>	<u>761,026</u>
Total deferred outflows of resources	<u>5,834,749</u>	<u>687,040</u>	<u>6,521,789</u>
<b>Liabilities</b>			
Accounts payable	239,533	139,709	379,242
Retainage payable	35,459	299,658	335,117
Accrued salaries	943,658	123,790	1,067,448
Intergovernmental payable	231,171	19,832	251,003
Accrued interest payable	20,019	106,621	126,640
Unearned revenue	38,891	-	38,891
Long-term liabilities:			
Due within one year	1,052,998	2,617,255	3,670,253
Due more than one year:			
Net pension liability	17,739,929	1,384,652	19,124,581
Net OPEB liability	1,162,471	-	1,162,471
Other long-term amounts due in more than one year	<u>8,754,218</u>	<u>21,089,265</u>	<u>29,843,483</u>
Total liabilities	<u>30,218,347</u>	<u>25,780,782</u>	<u>55,999,129</u>
<b>Deferred Inflows of Resources</b>			
Deferred gain on refunding	32,084	-	32,084
Property taxes and payment in lieu of taxes levied for next year	6,227,200	-	6,227,200
Pensions	709,432	14,813	724,245
OPEB	<u>1,074,979</u>	<u>30,558</u>	<u>1,105,537</u>
Total deferred inflows of resources	<u>8,043,695</u>	<u>45,371</u>	<u>8,089,066</u>
<b>Net Position</b>			
Net investment in capital assets	23,591,838	19,468,842	43,060,680
Restricted for:			
Capital projects	1,139,969	-	1,139,969
Debt service	37,560	-	37,560
Streets and highways	1,547,547	-	1,547,547
Recreation	978,060	-	978,060
Public safety	25,162	-	25,162
Postretirement benefits	90,935	53,405	144,340
Other purposes	49,842	-	49,842
Unrestricted (deficit)	<u>(2,498,971)</u>	<u>11,195,438</u>	<u>8,696,467</u>
Total net position	<u>\$ 24,961,942</u>	<u>\$ 30,717,685</u>	<u>\$ 55,679,627</u>

See accompanying notes to the basic financial statements.

# CITY OF HARRISON, OHIO

## Statement of Activities

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
<b>Functions/Programs</b>							
Governmental activities:							
Security of persons and property	\$ 10,560,868	\$ 1,408,238	\$ 107,268	\$ -	\$ (9,045,362)	\$ -	\$ (9,045,362)
Public health services	322,217	146,747	27,531	-	(147,939)	-	(147,939)
Leisure time activities	295,542	80,578	5,300	-	(209,664)	-	(209,664)
Community and economic development	337,664	464,352	-	-	126,688	-	126,688
Transportation	1,673,059	540	901,062	1,005,842	234,385	-	234,385
General government	2,305,734	217,908	220,867	-	(1,866,959)	-	(1,866,959)
Interest on long-term debt	93,682	-	-	-	(93,682)	-	(93,682)
Total governmental activities	<u>15,588,766</u>	<u>2,318,363</u>	<u>1,262,028</u>	<u>1,005,842</u>	<u>(11,002,533)</u>	<u>-</u>	<u>(11,002,533)</u>
Business-type activities:							
Water	2,634,590	2,544,520	-	32,986	-	(57,084)	(57,084)
Sewer	2,829,531	5,253,557	-	-	-	2,424,026	2,424,026
Other business-type activities:							
Storm Water	51,079	138,641	-	-	-	87,562	87,562
Water/Wastewater deposit	28,902	22,405	-	-	-	(6,497)	(6,497)
Sanitation	677,810	673,257	-	-	-	(4,553)	(4,553)
Total business-type activities	<u>6,221,912</u>	<u>8,632,380</u>	<u>-</u>	<u>32,986</u>	<u>-</u>	<u>2,443,454</u>	<u>2,443,454</u>
Total	<u>\$ 21,810,678</u>	<u>\$ 10,950,743</u>	<u>\$ 1,262,028</u>	<u>\$ 1,038,828</u>	<u>(11,002,533)</u>	<u>2,443,454</u>	<u>(8,559,079)</u>
General revenues:							
Income taxes levied for general purposes				6,766,695	-	6,766,695	
Property taxes levied for:							
General purposes				2,153,601	-	2,153,601	
Fire improvements				2,585,018	-	2,585,018	
Police pension				127,051	-	127,051	
Recreation				26,900	-	26,900	
Capital projects				111,963	-	111,963	
Payments in lieu of taxes				668,081	-	668,081	
Grants and contributions not restricted							
to specific programs				1,007,049	-	1,007,049	
Investment earnings				1,374,567	161,089	1,535,656	
Miscellaneous				179,379	8,898	188,277	
Transfers				(28,872)	28,872	-	
Total general revenues and transfers				<u>14,971,432</u>	<u>198,859</u>	<u>15,170,291</u>	
Change in net position				3,968,899	2,642,313	6,611,212	
Net position beginning of year, <i>as previously reported</i>				22,234,987	28,210,209	50,445,196	
Implementation of GASB No. 101				(1,241,944)	(134,837)	(1,376,781)	
Net position, beginning of year, <i>restated</i>				<u>20,993,043</u>	<u>28,075,372</u>	<u>49,068,415</u>	
Net position end of year				<u>\$ 24,961,942</u>	<u>\$ 30,717,685</u>	<u>\$ 55,679,627</u>	

See accompanying notes to the basic financial statements.

**CITY OF HARRISON, OHIO**

Balance Sheet

Governmental Funds

December 31, 2024

	General	Street	Fire Improvement	Capital Improvement	Nonmajor Governmental Funds
<b>Assets</b>					
Equity in pooled cash and investments	\$ 8,845,746	\$ 772,558	\$ 1,264,815	\$ 223,095	\$ 5,610,375
Cash in segregated accounts	12,986	-	-	-	-
Receivables:					
Property and other taxes	2,729,922	-	2,854,433	23,082	139,099
Payment in lieu of taxes	-	-	-	-	788,733
Income taxes	1,875,249	-	-	-	-
Accounts	3,310	101,650	3,535	-	10,908
Intergovernmental	232,276	956,639	112,559	-	33,973
Prepaid items	51,857	10,596	54,697	-	10,910
Materials and supplies inventory	-	10,702	-	-	-
Total assets	<u>\$ 13,751,346</u>	<u>\$ 1,852,145</u>	<u>\$ 4,290,039</u>	<u>\$ 246,177</u>	<u>\$ 6,593,998</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 114,974	\$ 97,129	\$ 21,013	\$ -	\$ 6,417
Retainage payable	-	35,459	-	-	-
Accrued salaries	487,414	81,314	309,126	-	65,804
Intergovernmental payable	133,470	11,907	81,657	-	4,137
Unearned revenue	-	-	-	-	38,891
Total liabilities	<u>735,858</u>	<u>225,809</u>	<u>411,796</u>	<u>-</u>	<u>115,249</u>
<b>Deferred Inflows of Resources</b>					
Property taxes and payment in lieu of taxes levied for next year	2,574,500	-	2,752,500	-	900,200
Unavailable revenue	1,072,417	242,506	212,633	-	50,512
Total deferred inflows of resources	<u>3,646,917</u>	<u>242,506</u>	<u>2,965,133</u>	<u>-</u>	<u>950,712</u>
<b>Fund balances</b>					
Nonspendable	51,857	21,298	54,697	-	10,910
Restricted	-	1,362,532	858,413	-	2,451,295
Committed	910,269	-	-	246,177	-
Assigned	375,795	-	-	-	3,065,832
Unassigned	8,030,650	-	-	-	-
Total fund balances	<u>9,368,571</u>	<u>1,383,830</u>	<u>913,110</u>	<u>246,177</u>	<u>5,528,037</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,751,346</u>	<u>\$ 1,852,145</u>	<u>\$ 4,290,039</u>	<u>\$ 246,177</u>	<u>\$ 6,593,998</u>

See accompanying notes to the basic financial statements.

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

<b>Total Governmental Funds</b>		
	<b>Total governmental fund balances</b>	\$ 17,439,725
	<i>Amounts reported for governmental activities in the statement of net position are are different because:</i>	
\$ 16,716,589	Capital assets used in governmental activities are not financial resources, therefore, are not reported in the funds.	30,564,595
12,986		
5,746,536		
788,733		
1,875,249	Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.	1,578,068
119,403		
1,335,447		
128,060	In the statement of net position, interest is accrued on outstanding bonds and loans, whereas in governmental funds, interest is accrued when due.	(20,019)
10,702		
<b>\$ 26,733,705</b>		
	Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
	Bonds payable	(2,091,888)
\$ 239,533	OPWC loan payable	(3,300,824)
35,459	Lease-purchase obligations	(1,351,654)
943,658	Promissory notes	(139,617)
231,171	Compensated absences payable	<u>(2,923,233)</u>
38,891		(9,807,216)
<b>1,488,712</b>		
	Governmental funds report the effect of bond refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
		(32,084)
	The net pension and OPEB liabilities are not due and payable in the current period; net OPEB assets are not available to pay for current period expenditures, therefore the assets, liabilities and related deferred outflows and inflows of resources are not reported in governmental funds:	
	Deferred outflows - pensions	5,125,764
6,227,200	Deferred inflows - pensions	(709,432)
<b>1,578,068</b>	Net pension liability	(17,739,929)
<b>7,805,268</b>	Deferred outflows - OPEB	708,985
	Deferred inflows - OPEB	(1,074,979)
138,762	Net OPEB asset	90,935
4,672,240	Net OPEB liability	<u>(1,162,471)</u>
1,156,446		<u>(14,761,127)</u>
3,441,627		
8,030,650		
<b>17,439,725</b>	<b>Net position of governmental activities</b>	<b>\$ 24,961,942</b>
<b>\$ 26,733,705</b>		

**CITY OF HARRISON, OHIO**

Statement of Revenues, Expenditures and Changes  
in Fund Balances  
Governmental Funds  
Year Ended December 31, 2024

	General	Street	Fire Improvement	Capital Improvement	Nonmajor Governmental Funds
<b>Revenues</b>					
Property and other taxes	\$ 2,192,697	\$ -	\$ 2,766,962	\$ 111,963	\$ 155,918
Income taxes	6,653,284	-	-	-	-
Payment in lieu of taxes	-	-	-	-	717,545
Intergovernmental	639,814	1,714,046	271,363	133,600	312,864
Charges for services	139,613	540	1,244,202	-	160,610
Fines, costs and forfeitures	142,480	-	-	-	6,218
Licenses, permits and inspections	533,220	-	750	-	-
Special assessments	-	-	-	-	450
Interest	1,374,567	-	-	-	-
Contributions	52,230	-	16,705	-	50,280
Other	78,373	35,061	53,944	-	30,649
Total revenues	<u>11,806,278</u>	<u>1,749,647</u>	<u>4,353,926</u>	<u>245,563</u>	<u>1,434,534</u>
<b>Expenditures</b>					
Current:					
Security of persons and property	3,985,535	-	5,202,567	-	2,720
Public health services	-	-	-	-	336,957
Leisure time activities	101,909	-	-	-	145,423
Community and economic development	313,868	-	-	-	-
Transportation	-	1,712,120	-	-	17,987
General government	1,937,977	-	-	-	480,171
Capital outlay	203,197	241,173	1,066,097	173,299	421,070
Debt Service:					
Principal retirement	165,741	49,443	170,175	164,680	170,000
Interest and fiscal charges	<u>11,889</u>	<u>3,769</u>	<u>18,735</u>	<u>6,010</u>	<u>52,719</u>
Total expenditures	<u>6,720,116</u>	<u>2,006,505</u>	<u>6,457,574</u>	<u>343,989</u>	<u>1,627,047</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,086,162</u>	<u>(256,858)</u>	<u>(2,103,648)</u>	<u>(98,426)</u>	<u>(192,513)</u>
<b>Other financing sources (uses)</b>					
Transfers in	118,469	900,000	1,200,000	75,000	2,590,000
Transfers out	(4,725,000)	(5,000)	(80,000)	-	(10,000)
Issuance of OPWC loans	-	-	-	34,000	-
Proceeds from sale of assets	52,411	-	-	-	-
Lease-purchase agreement	-	-	962,011	-	-
Total other financing sources (uses)	<u>(4,554,120)</u>	<u>895,000</u>	<u>2,082,011</u>	<u>109,000</u>	<u>2,580,000</u>
Net change in fund balances	532,042	638,142	(21,637)	10,574	2,387,487
Fund balance, beginning of year	<u>8,836,529</u>	<u>745,688</u>	<u>934,747</u>	<u>235,603</u>	<u>3,140,550</u>
Fund balance, end of year	<u>\$ 9,368,571</u>	<u>\$ 1,383,830</u>	<u>\$ 913,110</u>	<u>\$ 246,177</u>	<u>\$ 5,528,037</u>

See accompanying notes to the basic financial statements.

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

<b>Total Governmental Funds</b>		
	<b>Net change in fund balances - total governmental funds</b>	\$ 3,546,608
\$ 5,227,540	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
6,653,284		
717,545		
3,071,687	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:	
1,544,965	Capital asset additions	2,696,789
148,698	Depreciation expense	(1,037,578)
533,970		
450		
1,374,567	In the statement of activities, gain or loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.	(18,571)
119,215		
198,027		
<u>19,589,948</u>	Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, rather these revenues are unavailable.	(3,411)
9,190,822	Some expenses reported in the statement of activities do not require the use current financial resources and therefore are not reported as expenditures in governmental funds:	
336,957	Compensated absences	(481,033)
247,332	Interest on long-term debt	(7,520)
313,868	Amortization of bond premiums	3,752
1,730,107	Amortization of deferred gain on refunding	3,208
2,418,148		
2,104,836	Repayment of long-term obligations is reported as an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position. In the current year, these amounts consisted of general obligation bonds, OPWC loans, and leases.	720,039
720,039		
<u>93,122</u>		
<u>17,155,231</u>	Long-term debt proceeds are recorded as other financing sources in the governmental funds as other financing sources, but are reported as increases of long-term liabilities in the statement of net position.	(996,011)
<u>2,434,717</u>		
4,883,469	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
(4,820,000)	Pensions	1,362,527
34,000	OPEB	34,726
52,411		
<u>962,011</u>	Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension and OPEB expense in the statement of activities:	
1,111,891	Pensions	(1,765,298)
3,546,608	OPEB	(89,328)
<u>13,893,117</u>	<b>Change in net position of governmental activities</b>	<u>\$ 3,968,899</u>
<u>\$ 17,439,725</u>		

**CITY OF HARRISON, OHIO**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget (Non-GAAP) Basis  
 General Fund  
 Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues</b>				
Property and other taxes	\$ 2,084,400	\$ 2,192,697	\$ 2,192,697	\$ -
Income taxes	5,270,000	5,270,000	6,515,580	1,245,580
Intergovernmental	507,800	523,788	1,064,413	540,625
Charges for services	115,000	115,000	123,178	8,178
Fines, costs and forfeitures	120,000	120,000	142,190	22,190
Licenses, permits and inspections	245,200	245,200	532,349	287,149
Interest	900,000	900,000	1,374,567	474,567
Contributions	5,000	5,000	39,059	34,059
Other	65,000	65,000	100,647	35,647
<b>Total revenues</b>	<b>9,312,400</b>	<b>9,436,685</b>	<b>12,084,680</b>	<b>2,647,995</b>
<b>Expenditures</b>				
Current:				
General government	1,889,673	2,160,177	2,083,770	76,407
Security of persons and property	3,936,472	3,973,172	4,069,720	(96,548)
Community and economic development	423,209	445,209	414,100	31,109
Leisure time activity	68,100	76,100	57,174	18,926
Capital outlay	167,142	289,442	226,033	63,409
Debt service	120,200	120,200	119,840	360
<b>Total expenditures</b>	<b>6,604,796</b>	<b>7,064,300</b>	<b>6,970,637</b>	<b>93,663</b>
Excess of revenues over expenditures	<b>2,707,604</b>	<b>2,372,385</b>	<b>5,114,043</b>	<b>2,741,658</b>
<b>Other financing sources (uses)</b>				
Proceeds from sale of assets	-	-	52,411	(52,411)
Transfers out	(2,864,700)	(5,264,700)	(4,768,500)	496,200
<b>Total other financing sources (uses)</b>	<b>(2,864,700)</b>	<b>(5,264,700)</b>	<b>(4,716,089)</b>	<b>443,789</b>
Net change in fund balance	(157,096)	(2,892,315)	397,954	<b>\$ 3,290,269</b>
Fund balance, beginning of year	6,140,518	6,140,518	6,140,518	
Prior year encumbrances appropriated	186,796	186,796	186,796	
<b>Fund balance, end of year</b>	<b>\$ 6,170,218</b>	<b>\$ 3,434,999</b>	<b>\$ 6,725,268</b>	

See accompanying notes to the basic financial statements.

**CITY OF HARRISON, OHIO**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget (Non-GAAP) Basis  
 Street Fund - Major Special Revenue Fund  
 Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues</b>				
Intergovernmental	\$ 1,714,000	\$ 1,714,000	\$ 1,533,028	\$ (180,972)
Charges for services	5,000	5,000	1,620	(3,380)
Other	20,200	20,200	12,501	(7,699)
Total revenues	<u>1,739,200</u>	<u>1,739,200</u>	<u>1,547,149</u>	<u>(192,051)</u>
<b>Expenditures</b>				
Current:				
Transportation	2,765,614	2,655,262	2,591,813	63,449
Capital outlay	-	130,000	130,000	-
Debt service	53,212	53,212	53,212	-
Total expenditures	<u>2,818,826</u>	<u>2,838,474</u>	<u>2,775,025</u>	<u>63,449</u>
Excess expenditures over revenues	<u>(1,079,626)</u>	<u>(1,099,274)</u>	<u>(1,227,876)</u>	<u>(128,602)</u>
<b>Other financing sources (uses)</b>				
Transfers in	730,000	1,530,000	900,000	(630,000)
Transfers out	(5,000)	(5,000)	(5,000)	-
Total other financing sources (uses)	<u>725,000</u>	<u>1,525,000</u>	<u>895,000</u>	<u>(630,000)</u>
Net change in fund balance	(354,626)	425,726	(332,876)	\$ <u>(758,602)</u>
Fund balance, beginning of year	10,280	10,280	10,280	
Prior year encumbrances appropriated	359,026	359,026	359,026	
Fund balance, end of year	<u>\$ 14,680</u>	<u>\$ 795,032</u>	<u>\$ 36,430</u>	

See accompanying notes to the basic financial statements.

**CITY OF HARRISON, OHIO**

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget (Non-GAAP) Basis  
 Fire Improvement Fund - Major Special Revenue Fund  
 Year Ended December 31, 2024

	Original Budget	Final Budget	Actual	Variance From Final Budget
<b>Revenues</b>				
Property and other taxes	\$ 2,425,500	\$ 2,766,962	\$ 2,766,962	\$ -
Intergovernmental	227,500	233,792	271,339	37,547
Charges for services	1,082,600	1,082,600	1,336,560	253,960
Licenses, permits and inspections	500	500	750	250
Contributions	-	-	18,205	18,205
Other	5,000	5,000	55,231	50,231
<b>Total revenues</b>	<b>3,741,100</b>	<b>4,088,854</b>	<b>4,449,047</b>	<b>360,193</b>
<b>Expenditures</b>				
Current:				
Security of persons and property	4,867,957	5,168,497	5,192,754	(24,257)
Capital outlay	71,000	101,600	104,086	(2,486)
Debt service	188,910	188,910	188,910	-
<b>Total expenditures</b>	<b>5,127,867</b>	<b>5,459,007</b>	<b>5,485,750</b>	<b>(26,743)</b>
Excess expenditures over revenues	(1,386,767)	(1,370,153)	(1,036,703)	333,450
<b>Other financing sources (uses)</b>				
Transfers in	1,430,000	1,430,000	1,200,000	(230,000)
Transfers out	(80,000)	(80,000)	(80,000)	-
<b>Total other financing sources (uses)</b>	<b>1,350,000</b>	<b>1,350,000</b>	<b>1,120,000</b>	<b>(230,000)</b>
Net change in fund balance	(36,767)	(20,153)	83,297	\$ 103,450
Fund balance, beginning of year	875,204	875,204	875,204	
Prior year encumbrances appropriated	54,067	54,067	54,067	
<b>Fund balance, end of year</b>	<b>\$ 892,504</b>	<b>\$ 909,118</b>	<b>\$ 1,012,568</b>	

See accompanying notes to the basic financial statements.

# CITY OF HARRISON, OHIO

## Statement of Net Position

### Proprietary Funds

December 31, 2024

### Business-type Activities - Enterprise Funds

#### Assets

	Water	Sewer	Non-major	Total
Current assets:				
Equity in pooled cash and investments	\$ 1,947,156	\$ 9,137,601	\$ 660,266	\$ 11,745,023
Receivables:				
Accounts	291,698	585,912	94,643	972,253
Prepaid items	16,444	31,503	-	47,947
Materials and supplies inventory	223,057	27,974	-	251,031
Total current assets	<u>2,478,355</u>	<u>9,782,990</u>	<u>754,909</u>	<u>13,016,254</u>

#### Noncurrent assets:

Restricted cash and investments	-	883,290	-	883,290
Net OPEB asset	21,362	32,043	-	53,405
Non-depreciable capital assets	480,860	5,557,998	-	6,038,858
Depreciable capital assets, net	18,355,125	16,028,466	1,481,400	35,864,991
Total noncurrent assets	<u>18,857,347</u>	<u>22,501,797</u>	<u>1,481,400</u>	<u>42,840,544</u>
Total assets	<u>21,335,702</u>	<u>32,284,787</u>	<u>2,236,309</u>	<u>55,856,798</u>

#### Deferred outflows of resources

Deferred charge on refunding	-	187,911	-	187,911
Pensions	178,937	268,151	-	447,088
OPEB	20,820	31,221	-	52,041
Total deferred outflows of resources	<u>199,757</u>	<u>487,283</u>	<u>-</u>	<u>687,040</u>

#### Liabilities

Current liabilities:				
Accounts payable	35,552	47,291	56,866	139,709
Retainage payable	-	299,658	-	299,658
Accrued salaries	53,716	70,074	-	123,790
Intergovernmental payable	8,859	10,973	-	19,832
Accrued interest payable	42,678	63,943	-	106,621
Compensated absences payable, current portion of	18,502	35,210	-	53,712
General obligation bonds payable, current portion of	-	670,000	-	670,000
OPWC loans payable, current portion of	-	92,308	21,030	113,338
OWDA loans payable, current portion of	618,902	1,161,303	-	1,780,205
Total current liabilities	<u>778,209</u>	<u>2,450,760</u>	<u>77,896</u>	<u>3,306,865</u>

#### Long-term liabilities:

General obligation bonds payable, net of current portion	-	8,805,000	-	8,805,000
OPWC loans payable, net of current portion	-	184,617	73,605	258,222
OWDA loans payable, net of current portion	7,972,391	3,600,635	-	11,573,026
Compensated absences payable, net of current portion	177,110	275,907	-	453,017
Net pension liability	553,861	830,791	-	1,384,652
Total long-term liabilities	<u>8,703,362</u>	<u>13,696,950</u>	<u>73,605</u>	<u>22,473,917</u>
Total liabilities	<u>9,481,571</u>	<u>16,147,710</u>	<u>151,501</u>	<u>25,780,782</u>

#### Deferred inflows of resources

Pensions	5,925	8,888	-	14,813
OPEB	12,223	18,335	-	30,558
Total deferred inflows of resources	<u>18,148</u>	<u>27,223</u>	<u>-</u>	<u>45,371</u>

#### Net Position

Net investment in capital assets	10,244,692	7,837,385	1,386,765	19,468,842
Restricted for:				
Post retirement benefits	21,362	32,043	-	53,405
Unrestricted	1,769,686	8,727,709	698,043	11,195,438
Total net position	<u>\$ 12,035,740</u>	<u>\$ 16,597,137</u>	<u>\$ 2,084,808</u>	<u>\$ 30,717,685</u>

See accompanying notes to the basic financial statements.

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

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-major	Total
<b><i>Operating revenues</i></b>				
Charges for services	\$ 2,544,520	\$ 5,253,557	\$ 834,303	\$ 8,632,380
Other	6,091	2,807	-	8,898
Total operating revenues	<u>2,550,611</u>	<u>5,256,364</u>	<u>834,303</u>	<u>8,641,278</u>
<b><i>Operating expenses</i></b>				
Personnel services	685,200	1,018,849	-	1,704,049
Contractual services	805,195	510,266	709,182	2,024,643
Supplies and materials	537,028	217,728	287	755,043
Depreciation	512,965	641,178	48,322	1,202,465
Total operating expenses	<u>2,540,388</u>	<u>2,388,021</u>	<u>757,791</u>	<u>5,686,200</u>
Operating income	10,223	2,868,343	76,512	2,955,078
<b><i>Non-operating revenues (expenses):</i></b>				
Interest revenue	-	161,089	-	161,089
Interest expense and fiscal charges	(94,202)	(441,510)	-	(535,712)
Total non-operating revenues (expenses)	<u>(94,202)</u>	<u>(280,421)</u>	<u>-</u>	<u>(374,623)</u>
Income (loss) before contributions and transfers	(83,979)	2,587,922	76,512	2,580,455
Capital contributions	125,327	-	-	125,327
Transfers out	(10,000)	(25,000)	(28,469)	(63,469)
	<u>115,327</u>	<u>(25,000)</u>	<u>(28,469)</u>	<u>61,858</u>
Change in net position	31,348	2,562,922	48,043	2,642,313
Net position, beginning of year, <i>as previously reported</i>	12,061,763	14,111,681	2,036,765	28,210,209
Implementation of GASB No. 101	(57,371)	(77,466)	-	(134,837)
Net position, beginning of year, <i>restated</i>	<u>12,004,392</u>	<u>14,034,215</u>	<u>2,036,765</u>	<u>28,075,372</u>
Net position, end of year	<u>\$ 12,035,740</u>	<u>\$ 16,597,137</u>	<u>\$ 2,084,808</u>	<u>\$ 30,717,685</u>

See accompanying notes to the basic financial statements.

**CITY OF HARRISON, OHIO**

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2024

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Non-major	Total
<b><i>Cash flows from operating activities</i></b>				
Cash received from customers	\$ 2,577,436	\$ 5,185,655	\$ 836,363	\$ 8,599,454
Cash payments for employee services and benefits	(643,713)	(954,951)	-	(1,598,664)
Cash payments to suppliers for goods and services	(1,472,409)	(752,795)	(708,772)	(2,933,976)
Cash received from other operating revenue	6,091	2,807	-	8,898
Net cash from operating activities	<u>467,405</u>	<u>3,480,716</u>	<u>127,591</u>	<u>4,075,712</u>
<b><i>Cash flows from noncapital financing activities</i></b>				
Transfers	(10,000)	(25,000)	(28,469)	(63,469)
<b><i>Cash flows from capital and related financing activities</i></b>				
Acquisition of capital assets	(644,413)	(4,618,949)	-	(5,263,362)
Proceeds from loans	675,883	-	-	675,883
Principal retirement	(721,821)	(1,991,440)	(21,030)	(2,734,291)
Interest paid	(98,152)	(410,441)	-	(508,593)
Net cash from capital and related financing activities	<u>(788,503)</u>	<u>(7,020,830)</u>	<u>(21,030)</u>	<u>(7,830,363)</u>
<b><i>Cash flows from investing activities</i></b>				
Interest	-	161,089	-	161,089
Net change	(331,098)	(3,404,025)	78,092	(3,657,031)
Cash and pooled investments beginning of year	2,278,254	13,424,916	582,174	16,285,344
Cash and pooled investments end of year	<u>\$ 1,947,156</u>	<u>\$ 10,020,891</u>	<u>\$ 660,266</u>	<u>\$ 12,628,313</u>
Reconciliation of operating income to net cash from operating activities:				
Operating income	\$ 10,223	\$ 2,868,343	\$ 76,512	\$ 2,955,078
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	512,965	641,178	48,322	1,202,465
Changes in deferred outflows - pensions and OPEB	131,736	172,824	-	304,560
Changes in deferred inflows - pensions and OPEB	12,995	19,968	-	32,963
Changes in assets and liabilities:				
Receivables	32,916	(67,902)	2,060	(32,926)
Prepaid items	(221)	(848)	-	(1,069)
Materials and supplies inventory	(104,031)	(25,198)	-	(129,229)
Accounts payable	(25,934)	1,245	697	(23,992)
Accrued salaries	14,024	6,517	-	20,541
Intergovernmental payable	2,210	305	-	2,515
Compensated absences payable	28,370	23,394	-	51,764
Net pension and OPEB liabilities	(126,486)	(127,067)	-	(253,553)
Net OPEB asset	<u>(21,362)</u>	<u>(32,043)</u>	<u>-</u>	<u>(53,405)</u>
Net cash from operating activities	<u>\$ 467,405</u>	<u>\$ 3,480,716</u>	<u>\$ 127,591</u>	<u>\$ 4,075,712</u>
<b><u>Schedule of non-cash capital and related financing activities:</u></b>				
Capital assets acquired through liabilities	\$ -	\$ 95,080	\$ -	
Capital assets financed by governmental funds	<u>\$ 92,341</u>	<u>\$ -</u>	<u>\$ -</u>	

See accompanying notes to the basic financial statements.

# **CITY OF HARRISON, OHIO**

Statement of Fiduciary Net Position  
Custodial Funds  
December 31, 2024

## ***Assets***

Cash in segregated accounts	\$ 2,261
Receivables:	
Income taxes	101,829
Total assets	<u>104,090</u>

## ***Liabilities***

Intergovernmental payable	<u>104,090</u>
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## ***Net Position***

Restricted for other governments and organizations	\$ <u>      </u> -
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See accompanying notes to the basic financial statements.

## **CITY OF HARRISON, OHIO**

Statement of Changes in Fiduciary Net Position  
Custodial Funds  
Year Ended December 31, 2024

### *Additions*

#### Collections for other governments and organizations:

Income taxes	\$ 185,326
Fines, costs and forfeitures	44,650
<b>Total additions</b>	<b>229,976</b>

## *Deductions*

Administrative expenses	10,051
Distributions of income taxes	175,275
Distributions to state, local governments and others	44,650
<b>Total deductions</b>	<b>229,976</b>

### Change in fiduciary net position

1

### Net position, beginning of year

- 10 -

### Net position, end of year

\$ -

See accompanying notes to the basic financial statements.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the City of Harrison are prepared in conformity with generally accepted accounting principles (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies used in the preparation of these financial statements are summarized below.

**A. Reporting Entity**

The City of Harrison, Ohio (the "City") is a charter city and operates under the Mayor-Council form of government. A seven-member council is elected, and the council selects one of its members to serve as mayor.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are fairly presented. The primary government of the City consists of all funds and departments that comprise the legal entity of the City. They provide various services including police, fire, court, park and recreation, water sewage and sanitary services, street and sewer maintenance.

Included as part of the City's primary government in the determination of the City's reporting entity is the Harrison Mayor's Court (the "Court"). Although the Court's territorial jurisdiction extends beyond the boundaries of the City, the Court's operations are not legally separate from the City. Monies held by the Court in a fiduciary capacity are included in a custodial fund in the accompanying basic financial statements.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

**Jointly Governed Organization**

**Harrison Township-City of Harrison Joint Economic Development District**

In an effort to facilitate economic development and to create and preserve jobs, the City has entered into a contract with Harrison Township to create a Joint Economic Development District (JEDD). In accordance with State law, the District's Board of Trustees levied a 1% income tax. The proceeds of that tax are allocated, in accordance with the contract, to the City and the Township. The City and the Township will utilize these JEDD revenues, in part, to construct infrastructure and improvement in the District. The City received \$74,150 in revenues through the JEDD in 2024.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**B. Basis of Presentation**

***Government-wide Financial Statements***

The statement of net position and the statement of activities display information about the City as a whole. The statements distinguish between those activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of expenses with program revenues identifies the extent to which each governmental function or business-type segment is self-financing or relies upon general revenues of the City.

***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

The City uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities, deferred inflows of resources and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Governmental funds** are those through which most governmental functions typically are financed. The following are the City's major governmental funds:

**General Fund** - The General Fund 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.

**Street Fund** – This fund accounts for the portion of state gasoline tax and motor vehicle registration fees restricted for the improvement and maintenance of the streets within the City.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**B. Basis of Presentation - *continued***

***Fire Improvement Fund*** – This fund accounts for voted property taxes and contracts that relate to the operation of the fire department.

***Capital Improvement Fund*** – This fund accounts for hotel taxes and Ohio Public Works Commission funding for roadway and bridge improvements.

**Proprietary funds** are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. Proprietary funds are either classified as enterprise or internal service. The City does not have any internal service funds.

***Water Fund*** - Accounts for the provision of water service to the City and surrounding areas.

***Sewer Fund*** - Accounts for the provision of sanitary sewer service to the City and surrounding areas.

The other enterprise funds of the City are used to account for storm water, water/wastewater deposits and sanitation.

**Fiduciary Funds.** The City's only fiduciary funds are custodial funds. Custodial funds are used to account for assets held in a fiduciary capacity on behalf of others. The City's custodial funds account for monies held by the Mayor's Court in a fiduciary capacity and to account for the administering and collection of income taxes related to the Joint Economic Development District.

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**Fund Financial Statements**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred outflows and inflows of resources are included on the balance sheet. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources. Since governmental funds financial statements use a different measurement focus and basis of accounting than the government-wide statements, governmental funds financial statements include reconciliations to the government-wide statements.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**C. Measurement Focus - *continued***

All governmental fund types are accounted for using the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the City is sixty days after year-end. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

All proprietary and custodial funds are accounted for on a flow of economic resources measurement focus. With this 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 accrual basis of accounting is utilized by the proprietary and custodial fund types. Under this method, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred.

Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Revenues – Exchange and Non-Exchange Transactions**

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned. Revenue from property taxes and payments in lieu of taxes are 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 for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**C. Measurement Focus - *continued***

**Deferred Outflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflow of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary statements of financial position for deferred loss on refunding, pensions and other postemployment benefits other than pensions (OPEB). A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions and OPEB are explained in Notes 8 and 9.

**Deferred Inflows of Resources**

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. For the City, deferred inflows of resources include deferred gain on refunding, property taxes, payments in lieu of taxes, unavailable revenue, pensions and OPEB. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Receivables for property taxes and payments in lieu of taxes represent amounts that are measurable as of December 31, 2024, but are intended to finance the subsequent year's operations. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund financial statements and represents receivables that will not be collected within the available period (sixty days after year-end). Deferred inflows of resources related to pensions and OPEB are explained in Notes 8 and 9.

Since governmental funds' financial statements use a different measurement focus and basis of accounting than the government-wide financial statements, governmental funds' financial statements include reconciliations to the government-wide financial statements.

**D. Cash and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements. During 2024, investments were limited to STAR Ohio.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 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 has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at December 31, 2024, which approximates fair value.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**D. Cash and Investments - *continued***

STAR Ohio reserves the right to limit the transaction to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For 2024, there were no limitations or restrictions on any participants withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Following Ohio Statutes, the Council has, by resolution, specified the funds to receive an allocation of interest earnings. During 2024, interest revenue credited to the general fund amounted to \$1,374,567 and \$161,089 to the sewer fund.

The City has segregated bank accounts for the Mayor's court and senior center deposits which are held separate from the City's central bank account. The depository accounts are presented on the financial statements as "cash in segregated accounts" since they are not required to be deposited in the City treasury.

At year end, the City had \$883,290 in unspent bond proceeds held in a separate account for the Edgewood Road sewer project. These amounts are reported as "restricted cash and investments" in the financial statements. An analysis of the City's deposits and investments at year end is provided in Note 3.

**E. Prepaid Items**

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

**F. Supplies Inventory**

Inventories are presented at cost on first-in, first-out basis and are expensed when used. Inventory consists of expendable supplies.

**G. Capital Assets**

Capital assets, which include land, land improvements, buildings and improvements, infrastructure, furniture and equipment, vehicles and construction in progress, are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets utilized by governmental activities are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**G. Capital Assets - *continued***

The City defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received. Infrastructure includes streets, storm sewers, water lines and sewer lines. When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

All capital assets except for land and construction in progress are depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Infrastructure	50 years
Buildings	50 years
Furniture and equipment	5-20 years
Vehicles	8 years
Land improvements	20 years

**H. Restricted Assets**

Certain cash and investments are classified as restricted cash on the financial statements because these funds are restricted for sewer improvements.

**I. 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 in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the retirement systems' fiduciary net position is not sufficient for payment of those benefits.

**J. Interfund Balances**

During the course of operations, transactions occur between individual funds for goods provided or services rendered. On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans (advances) are classified as "advances to other funds" and "advances from other funds". These amounts are eliminated in the governmental columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**K. Pensions and OPEB**

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

**L. Compensated Absences**

The City follows the provisions of GASB Statement No. 101, *Compensated Absences*. The City's employee vacation, 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 as 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.

**M. Accounting Estimates**

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

**N. Grants and Other Intergovernmental Revenues**

Grants made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred.

**O. Fund Balances**

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

***Nonspendable*** – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a spendable form” criterion includes items that are not expected to be converted into cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

***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.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**O. Fund Balances - *continued***

***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 City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council. The City Council has authorized the Finance Director to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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

**P. Net Position**

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when the limitations imposed on its use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments. At December 31, 2024, none of the City's net position was restricted by enabling legislation.

The net position restricted for other purposes result from special revenue funds and the restriction on their net position use. When both restricted and non-restricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources, as they are needed.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**Q. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than fiduciary funds, are legally required to be budgeted and appropriated.

The legal level of budgetary control (the level at which transfers of budget amounts cannot be made without legislative approval) is at the object level. Budgetary modifications may only be made by ordinance of the City Council. The City legally adopted supplemental appropriations during 2024.

***Tax Budget***

By July 15, the Mayor submits an annual tax budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

***Estimated Resources***

The County Budget Commission determines if the budget substantiates a need to levy all of the previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or before January 31, the certificate of estimated resources is amended to include any unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates.

***Appropriations***

The annual appropriation ordinance must be passed no later than April 1 of each year for the period January 1 to December 31. A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The appropriation ordinance fixes spending authority at the object level. The appropriation ordinance may be amended during the year, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts on the budgetary schedules reflect the original and final appropriation amounts, including all amendments and modifications legally enacted by Council.

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

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued***

**Q. Budgetary Process - *continued***

***Encumbrances***

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as restricted, committed, or assigned fund balance for governmental funds since they do not constitute expenditures or liabilities.

***Lapsing of Appropriations***

At the close of each year, the unencumbered balance of each appropriation lapses and is restored to the respective fund from which it was appropriated and becomes subject to future appropriation. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

**NOTE 2—BUDGETARY BASIS OF ACCOUNTING**

While the City reports 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, requires accounting for certain transactions according to cash receipts, disbursements, appropriations, and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis, are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures 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 (budget basis) rather than classified as a portion of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) rather than as an interfund receivables/payables (GAAP basis).
5. Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

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**NOTE 2—BUDGETARY BASIS OF ACCOUNTING – *continued***

The adjustments necessary to convert the results of operations of the General and major Special Revenue funds for the year ended December 31, 2024, on the GAAP basis to the budget basis are as follows:

	General Fund	Street	Fire Improvement
Net change in fund balance - <b><i>GAAP Basis</i></b>	\$ 532,042	\$ 638,142	\$ (21,637)
Funds reclassified	(117,363)	-	-
Net adjustment for revenue accruals	312,289	(202,498)	95,121
Net adjustment for expenditure accruals	113,443	(82,030)	1,034,975
Encumbrances	(413,988)	(686,490)	(63,151)
Other sources (uses)	<u>(28,469)</u>	<u>-</u>	<u>(962,011)</u>
Net change in fund balance - <b><i>Budget Basis</i></b>	<u>\$ 397,954</u>	<u>\$ (332,876)</u>	<u>\$ 83,297</u>

**NOTE 3—DEPOSITS AND INVESTMENTS**

The City maintains a cash deposit and investment pool for all funds. Each fund's share of cash deposits and investments is shown separately on the statement of net position and balance sheets as "Equity in Pooled Cash and Investments".

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must be either evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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**NOTE 3—DEPOSITS AND INVESTMENTS – *continued***

- (3) Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreement secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasury Assets Reserve of Ohio (STAR Ohio);
- (7) Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
- (8) Under limited circumstance, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**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. The City's custodial credit risk policy requires that deposits be collateralized as required by ORC Chapter 135. Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits 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). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution, unless the financial institution participates in the Ohio Treasurer of State's Ohio Collateral Pool System, which reduces the amount to 102% of the deposits being secured. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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

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**NOTE 3—DEPOSITS AND INVESTMENTS – *continued***

At December 31, 2024, the carrying amount of all City deposits was \$3,430,074. \$3,159,777 of the City's bank balance of \$3,659,777 was exposed to custodial risk as discussed above, while \$500,000 was covered by FDIC.

At December 31, 2024, the carrying amount of the City's segregated cash deposits was \$15,247. The bank balance of \$16,219 was covered by FDIC.

Investments: The City's investments at December 31, 2024 are summarized as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Average Days to Maturity</u>	<u>S&amp;P Rating</u>
STAR Ohio	\$ 25,914,828	27.2	AAAm

Credit Risk: The City's investment policy limits its investments to those authorized by State statute.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in the State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee. The City's investments were not subject to custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single user. The City places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the City manages its exposure to declines in fair value by limiting the maximum maturity of investments in its portfolio to five years.

Fair Value Measurement: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments in STAR Ohio is excluded from fair value measurement requirements under GASB Statement No. 72, and instead are reported at amortized cost.

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

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**NOTE 4—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 2023 taxes.

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. 2024 real property taxes are collected in and intended to finance 2025.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property current is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes, which became a lien December 31, 2023 are levied after October 1, 2024, and are collected in 2025 with real property taxes.

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

The assessed values upon which 2024 taxes were collected were:

Agricultural/Residential	\$355,134,290
Commercial/Industrial/Other	133,786,380
Public Utility	<u>11,077,380</u>
Total Assessed Value	<u><u>\$499,998,050</u></u>
Tax Rate per \$1,000 of	
Assessed Valuation	<u><u>\$ 16.90</u></u>

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

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**NOTE 5—INCOME TAX**

The City levies a municipal income tax of one percent on substantially all income earned within the City. 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 to 0.5% for the 2024 tax year and to eliminate the credit effective January 1, 2025 for all proceeding years. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**NOTE 6—INTERFUND ACTIVITY**

Interfund activity as reported in the fund financial statements includes transfers. The following represent the transfers during 2024:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 118,469	\$ 4,725,000
Street	900,000	5,000
Fire Improvement	1,200,000	80,000
Capital Improvement	75,000	-
Nonmajor governmental funds	2,590,000	10,000
Water Fund	-	10,000
Sewer Fund	-	25,000
Nonmajor enterprise fund	-	28,469
	<u>\$ 4,883,469</u>	<u>\$ 4,883,469</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and to provide additional resources for current operations, debt service or capital improvements. Transfers into the General Fund were due to funding the severance reserve fund, included with the General Fund in accordance with GAAP, that was funded by transfers from other governmental and enterprise funds. Transfers between governmental funds and between enterprise funds are eliminated for reporting on the statement of activities.

During 2024, certain water improvements in the amount of \$92,341 were paid from a nonmajor governmental fund. This was reported as a capital contribution in the Water Fund's fund financial statement and as transfers between governmental activities and business-type activities in the statement of activities.

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

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**NOTE 7—CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,015,891	\$ -	\$ -	\$ 3,015,891
Construction in progress	<u>3,416,720</u>	<u>1,874,386</u>	<u>(2,728,119)</u>	<u>2,562,987</u>
Total capital assets not being depreciated	<u>6,432,611</u>	<u>1,874,386</u>	<u>(2,728,119)</u>	<u>5,578,878</u>
<i>Capital assets being depreciated:</i>				
Land improvements	804,817	-	-	804,817
Buildings and improvements	4,236,583	116,555	-	4,353,138
Furniture and equipment	1,955,653	190,345	(8,500)	2,137,498
Vehicles	3,262,312	515,503	(271,582)	3,506,233
Infrastructure	<u>23,194,409</u>	<u>2,728,119</u>	<u>-</u>	<u>25,922,528</u>
Total capital assets being depreciated	<u>33,453,774</u>	<u>3,550,522</u>	<u>(280,082)</u>	<u>36,724,214</u>
Less accumulated depreciation:				
Land improvements	(804,817)	-	-	(804,817)
Buildings and improvements	(2,660,554)	(89,640)	-	(2,750,194)
Furniture and equipment	(885,920)	(147,678)	8,500	(1,025,098)
Vehicles	(1,976,911)	(284,227)	253,011	(2,008,127)
Infrastructure	<u>(4,634,228)</u>	<u>(516,033)</u>	<u>-</u>	<u>(5,150,261)</u>
Total accumulated depreciation	<u>(10,962,430)</u>	<u>(1,037,578)</u>	<u>261,511</u>	<u>(11,738,497)</u>
Total capital assets being depreciated, net	<u>22,491,344</u>	<u>2,512,944</u>	<u>(18,571)</u>	<u>24,985,717</u>
Capital assets, net	<u><u>\$ 28,923,955</u></u>	<u><u>\$ 4,387,330</u></u>	<u><u>\$ (2,746,690)</u></u>	<u><u>\$ 30,564,595</u></u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 18,357
Security of persons and property	346,117
Transportation	624,880
Leisure time activities	48,224
Total depreciation expense	<u>\$ 1,037,578</u>

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

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**NOTE 7—CAPITAL ASSETS – *continued***

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities</b>				
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$ 485,420	\$ -	\$ -	\$ 485,420
Construction in progress	<u>9,072,982</u>	<u>5,002,434</u>	<u>(8,521,978)</u>	<u>5,553,438</u>
Total capital assets not being depreciated	<u>9,558,402</u>	<u>5,002,434</u>	<u>(8,521,978)</u>	<u>6,038,858</u>
<b><i>Capital assets being depreciated:</i></b>				
Land improvements	24,474	340,627	-	365,101
Buildings and improvements	10,244,689	8,186,948	-	18,431,637
Furniture and equipment	7,993,194	49,497	-	8,042,691
Vehicles	864,505	-	-	864,505
Infrastructure	<u>37,932,247</u>	<u>-</u>	<u>-</u>	<u>37,932,247</u>
Total capital assets being depreciated	<u>57,059,109</u>	<u>8,577,072</u>	<u>-</u>	<u>65,636,181</u>
Less accumulated depreciation:				
Land improvements	(24,474)	-	-	(24,474)
Buildings and improvements	(5,908,154)	(326,312)	-	(6,234,466)
Furniture and equipment	(7,390,125)	(78,237)	-	(7,468,362)
Vehicles	(399,125)	(71,033)	-	(470,158)
Infrastructure	<u>(14,846,847)</u>	<u>(726,883)</u>	<u>-</u>	<u>(15,573,730)</u>
Total accumulated depreciation	<u>(28,568,725)</u>	<u>(1,202,465)</u>	<u>-</u>	<u>(29,771,190)</u>
Total capital assets being depreciated, net	<u>28,490,384</u>	<u>7,374,607</u>	<u>-</u>	<u>35,864,991</u>
Capital assets, net	<u>\$ 38,048,786</u>	<u>\$12,377,041</u>	<u>\$ (8,521,978)</u>	<u>\$ 41,903,849</u>

Depreciation expense was charged to segments as follows:

<u>Major enterprise funds</u>	
Water	\$ 512,965
Sewer	641,178
 <u>Nonmajor enterprise fund</u>	
Storm water	<u>48,322</u>
Total depreciation expense	<u>\$ 1,202,465</u>

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

Ohio Revised Code limits the City's obligation for this liability to 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 intergovernmental payable on both the accrual and modified accrual bases of accounting.

***Ohio Public Employees Retirement System (OPERS)***

**Plan Description.** City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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.

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the 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](http://www.opers.org/financial/reports.shtml), by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those 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 member and employer contributions. For 2024, member contribution rates were 10% of salary and employer contribution rates were 14%. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$375,619 for 2024. Of this amount, \$56,660 is reported as an intergovernmental payable.

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

***Ohio Police & Fire Pension Fund (OP&F)***

***Plan Description.*** City full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living 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.

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 30<sup>th</sup> 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.

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,126,519 for 2024. Of this amount, \$141,367 is reported as an intergovernmental payable.

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

	<b>OPERS</b>	<b>OP&amp;F</b>	<b>Total</b>
Proportionate Share of Net Pension Liability	\$ 3,742,303	\$ 15,382,278	\$ 19,124,581
Proportion of Net Pension Liability	0.01429%	0.15921%	
Change in Proportion	-0.00051%	-0.00382%	
Pension Expense	\$ 428,703	\$ 1,513,421	\$ 1,942,124

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

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

	OPERS	OP&F	Total
<b><u>Deferred Outflows of Resources</u></b>			
Differences between expected and actual experience	\$ 61,165	\$ 493,816	\$ 554,981
Net differences between projected and actual investment earnings	755,356	1,743,135	2,498,491
Change in assumptions	-	972,144	972,144
Change in City's proportionate share and differences in employer contributions	14,499	30,599	45,098
City contributions subsequent to the measurement date	<u>375,619</u>	<u>1,126,519</u>	<u>1,502,138</u>
	<u><u>\$ 1,206,639</u></u>	<u><u>\$ 4,366,213</u></u>	<u><u>\$ 5,572,852</u></u>
<b><u>Deferred Inflows of Resources</u></b>			
Differences between expected and actual experience	\$ -	\$ 172,033	\$ 172,033
Change in assumptions	-	233,599	233,599
Change in City's proportionate share and differences in employer contributions	<u>40,034</u>	<u>278,579</u>	<u>318,613</u>
	<u><u>\$ 40,034</u></u>	<u><u>\$ 684,211</u></u>	<u><u>\$ 724,245</u></u>

\$1,502,138 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 ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
<b>Year Ending December 31:</b>			
2025	\$ 175,363	\$ 669,032	\$ 844,395
2026	241,157	750,559	991,716
2027	482,026	1,171,821	1,653,847
2028	(107,560)	(78,010)	(185,570)
2029	-	40,854	40,854
Thereafter	<u>-</u>	<u>1,227</u>	<u>1,227</u>
	<u><u>\$ 790,986</u></u>	<u><u>\$ 2,555,483</u></u>	<u><u>\$ 3,346,469</u></u>

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

***Ohio Public Employees Retirement System (OPERS)***

***Actuarial Assumptions.*** 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: 3% simple through 2024, then 2.05% simple
Investment rate of return	6.90%
Actuarial cost method	Individual entry age

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

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

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

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

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**NOTE 8—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 arithmetic 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
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	\$ 5,891,483	\$ 3,742,303	\$ 1,954,917

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

***Ohio Police & Fire Pension Fund (OP&F)***

***Actuarial Assumptions.*** 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	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 determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by 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.

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	18.6%	4.1%
Non-U.S. equity	12.4%	4.9%
Private markets	10.0%	7.3%
Core fixed income*	25.0%	2.4%
High yield fixed income	7.0%	4.1%
Private credit	5.0%	6.8%
U.S. inflation linked bonds*	15.0%	2.1%
Midstream energy infrastructure	5.0%	5.8%
Real assets	8.0%	6.0%
Gold	5.0%	3.5%
Private real estate	12.0%	5.4%
Commodities	2.0%	3.5%
	<hr/>	<hr/>
	125.0%	

*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.

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

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**NOTE 8—DEFINED BENEFIT PENSION PLANS – *continued***

***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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate of 7.50%	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 20,374,973	\$ 15,382,278	\$ 11,230,366

**NOTE 9—DEFINED 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

***Ohio Public Employees Retirement System (OPERS)***

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

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting [www.opers.org/financial/reports.shtml](http://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.

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.

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care. 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0% for the traditional pension plan and 2% for the combined plan. The employer contribution as a percentage of covered payroll deposited for member-directed plan participants was 4%.

The City's contractually required contribution to OPERS for OPEB was \$13,301 for 2024.

***Ohio Police & Fire Pension Fund (OP&F)***

***Plan Description.*** 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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

***Funding Policy.*** The 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% and 24.0% of covered payroll for police and fire employer units. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2024, the portion of 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 was \$26,369 for 2024.

***OPEB Liabilities/(Assets), OPEB Expense, and Deferred Outflows and Deferred 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/(asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportionate Share of Net OPEB Liability/(Asset)	\$ (144,340)	\$ 1,162,471	\$ 1,018,131
Proportion of Net OPEB Liability/(Asset)	0.01599%	0.15921%	
Change in Proportion	-0.00031%	-0.00382%	
OPEB (Negative) Expense	\$ (3,466)	\$ 91,087	\$ 87,621

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

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**NOTE 9—DEFINED 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&amp;F</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>			
Differences between expected and actual experience	\$ -	\$ 55,901	\$ 55,901
Net differences between projected and actual investment earnings	86,684	85,841	172,525
Change in assumptions	37,160	400,016	437,176
Change in City's proportionate share and differences in employer contributions	3,444	52,310	55,754
City contributions subsequent to the measurement date	<u>13,301</u>	<u>26,369</u>	<u>39,670</u>
	<u><u>\$ 140,589</u></u>	<u><u>\$ 620,437</u></u>	<u><u>\$ 761,026</u></u>
<b><u>Deferred Inflows of Resources</u></b>			
Differences between expected and actual experience	\$ 20,544	\$ 213,629	\$ 234,173
Change in assumptions	62,047	748,606	810,653
Change in City's proportionate share and differences in employer contributions	- <u>60,711</u>	<u>60,711</u>	<u>60,711</u>
	<u><u>\$ 82,591</u></u>	<u><u>\$ 1,022,946</u></u>	<u><u>\$ 1,105,537</u></u>

\$39,670 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&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2025	\$ (1,223)	\$ 17,512	\$ 16,289
2026	7,714	(61,283)	(53,569)
2027	67,476	(37,262)	30,214
2028	(29,270)	(104,526)	(133,796)
2029	- <u>(110,919)</u>	<u>(110,919)</u>	<u>(110,919)</u>
Thereafter	<u>-</u>	<u>(132,400)</u>	<u>(132,400)</u>
	<u><u>\$ 44,697</u></u>	<u><u>\$ (428,878)</u></u>	<u><u>\$ (384,181)</u></u>

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

***Actuarial Assumptions—OPERS***

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

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

Wage inflation	2.75%
Projected salary increases	2.75% to 10.75%, including wage inflation
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.

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

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

The allocation of investment assets within the Health Care portfolio is approved by the Board 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 arithmetic 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 (Arithmetic)
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%.

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the 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 OPEB liability/(asset)	\$ 79,283	\$ (144,340)	\$ (329,440)

***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 Cost Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB (asset)	\$ (150,254)	\$ (144,340)	\$ (137,467)

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

***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.

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	3.75% to 10.50%
Payroll growth	3.25%
Single discount rate:	
Current measurement period	4.07%
Prior measurement period	4.27%
Municipal bond rate:	
Current measurement period	3.38%
Prior measurement period	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.

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

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**NOTE 9—DEFINED BENEFIT OPEB PLANS – *continued***

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.

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	18.6%	4.1%
Non-U.S. equity	12.4%	4.9%
Private markets	10.0%	7.3%
Core fixed income*	25.0%	2.4%
High yield fixed income	7.0%	4.1%
Private credit	5.0%	6.8%
U.S. inflation linked bonds*	15.0%	2.1%
Midstream energy infrastructure	5.0%	5.8%
Real assets	8.0%	6.0%
Gold	5.0%	3.5%
Private real estate	12.0%	5.4%
Commodities	2.0%	3.5%
	<hr/>	<hr/>
	125.0%	

*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 HARRISON, OHIO**  
**Notes to the Basic Financial Statements**  
**Year Ended December 31, 2024**

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**NOTE 9—DEFINED 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	\$ 1,431,842	\$ 1,162,471	\$ 935,608

**NOTE 10—RISK MANAGEMENT**

*Risk Pool Membership*

The City belongs to the Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan, (the “Plan”), a non-assessable, unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excessive liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated, and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remained the same through October 31, 2022. Effective November 1, 2022, the property loss corridor was eliminated. OPRM had 847 members as of December 31, 2024.

The Pool’s audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2024. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2024.

Assets	\$ 24,456,615
Liabilities	<u>(16,692,162)</u>
Members' Equity	<u>\$ 7,764,453</u>

You can read the complete audited financial statements for the OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

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

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**NOTE 10—RISK MANAGEMENT – *continued***

**Health Insurance**

During 2024, the City provided employees insurance for medical, dental, and life through Anthem Insurance. The premiums for health, dental and accident and life insurance are paid monthly with the City paying one hundred percent of the cost up to \$847 per employee per month for Steel Workers Union employees (entire year), and Fire Union Employees (after June 1, 2024), as well as \$797 per employee per month for all other employees. Anything above these caps amount is split by the City and the employees per union contracts. The risk of loss transfers to the insurance carrier upon payment of the premium by the City.

**Workers' Compensation**

Workers' compensation claims are covered through the State of Ohio Workers Compensation Retrospective Plan. The City's MCO is Sheakley Unicorp.

There has been no significant reduction in insurance coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE 11—LONG-TERM LIABILITIES**

The following is a summary of changes during 2024 and balances for governmental activities' long-term liabilities of the City as of December 31, 2024.

	<i>Restated</i>					Due
	Beginning Balance	Additions	Reductions	Ending Balance		Within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
2015 Various purpose	\$ 1,205,000	\$ -	\$ (125,000)	\$ 1,080,000	\$ 90,000	
Unamortized premiums	40,640	-	(3,752)	36,888		-
<i>Direct Placement:</i>						
2019 Private placement refunding	1,070,000	-	(95,000)	975,000	100,000	
<i>Direct Borrowing:</i>						
OPWC loans	3,518,652	34,000	(251,828)	3,300,824	251,828	
Promissory notes	181,917	-	(42,300)	139,617	44,354	
Lease-purchase obligations	595,554	962,011	(205,911)	1,351,654	260,517	
Compensated absences*	2,442,200	481,033	-	2,923,233	306,299	
	<u>\$ 9,053,963</u>	<u>\$ 1,477,044</u>	<u>\$ (723,791)</u>	<u>\$ 9,807,216</u>	<u>\$ 1,052,998</u>	

\* The change in compensated absences above is a net change for the year.

**Series 2015 General Obligation Various Purpose Improvement and Refunding Bonds**

On October 15, 2015, the City issued \$3,185,000 in Series 2015 general obligation limited tax various purpose improvement and refunding bonds to refinance \$1,525,000 in public infrastructure bond anticipation notes, current refund \$1,305,000 in Series 2005 general obligation refunding bonds, and finance State Street improvements. The bonds bear interest rates ranging from 1.0% to 4.0% and are scheduled to mature December 1, 2034.

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

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**NOTE 11—LONG-TERM LIABILITIES – *continued***

**Series 2019 Private Placement Refunding Bonds**

On December 18, 2019, the City issued \$1,425,000 in direct placement Series 2019 private placement refunding bonds to advance refund \$1,385,000 of the Series 2009 general obligation various purpose improvement bonds. The refunded bonds pay an interest rate of 2.52% and mature on December 1, 2034.

**OPWC Loans**

Improvements to the City's street infrastructure were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2024, the City has eighteen interest-free loans outstanding through the OPWC payable from governmental activities. The loans are payable in semi-annual installments of principal. The future annual debt service principal requirements disclosed were based on loans that were finalized as of December 31, 2024.

**Promissory Notes**

The City has entered into promissory notes in prior years to finance the purchase of an ambulance. This note bears an interest rate of 4.75% and matures in 2027.

**Lease-Purchase Obligations**

The City has entered into several lease-purchase obligations in prior years to finance the purchase fire trucks, ambulances, and heavy-duty vehicles. During 2024, the City entered into a \$962,011 lease-purchase obligation to finance the purchase of a pumper truck.

These obligations bear interest rates that range from 2.2% to 4.48% and mature at various periods ranging from 2025 to 2032.

The general obligation bonds will be liquidated from the General, Capital Improvement, Home Depot TIF and Harrison Avenue TIF Funds. The OPWC loans will be liquidated from the General and Capital Improvement Funds. The promissory notes will be liquidated from the General and Fire Improvement Funds. The lease-purchase obligations will be liquidated from the General, Street and Fire Improvement Funds.

The following is a summary of the City's future annual debt service principal and interest requirements for government-type activities long term-obligations:

Year Ending <u>December 31,</u>	<i>Governmental Activities</i>			
	Various Purpose and Refunding Series - 2015		Direct Placement Refunding Series - 2019	
	Principal	Interest	Principal	Interest
2025	\$ 90,000	\$ 39,175	\$ 100,000	\$ 24,570
2026	95,000	36,475	100,000	22,050
2027	100,000	33,150	105,000	19,530
2028	100,000	29,650	105,000	16,884
2029	105,000	26,150	105,000	14,238
2030-2034	<u>590,000</u>	<u>70,500</u>	<u>460,000</u>	<u>33,264</u>
Total	<u><u>\$ 1,080,000</u></u>	<u><u>\$ 235,100</u></u>	<u><u>\$ 975,000</u></u>	<u><u>\$ 130,536</u></u>

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

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**NOTE 11—LONG-TERM LIABILITIES – *continued***

Year Ending December 31,	<i>Governmental Activities Direct Borrowing</i>					
	Lease-Purchase Obligations		Promissory Notes		OPWC*	
	Principal	Interest	Principal	Interest	Principal	
2025	\$ 260,517	\$ 53,368	\$ 44,354	\$ 5,675	\$ 251,828	
2026	221,587	44,655	46,507	3,522	240,018	
2027	229,421	36,821	48,756	1,264	228,208	
2028	117,052	28,690	-	-	228,208	
2029	122,299	23,444	-	-	228,208	
2030-2034	400,778	36,449	-	-	904,626	
2035-2039	-	-	-	-	605,925	
2040-2044	-	-	-	-	249,760	
2045-2049	-	-	-	-	183,359	
2050-2054	-	-	-	-	146,684	
Total	<u>\$ 1,351,654</u>	<u>\$ 223,427</u>	<u>\$ 139,617</u>	<u>\$ 10,461</u>	<u>\$ 3,266,824</u>	

\* - excludes loans that have not been finalized.

The following is a summary of changes during 2024 and balances for business-type activities' long-term liabilities of the City as of December 31, 2024.

<b>Business-Type Activities:</b>	<i>Restated</i>	Additions	Reductions	Ending Balance	Due Within One Year
	Beginning Balance				
General Obligation Bonds:					
<i>Direct Placement:</i>					
2019 Private placement refunding	\$ 3,250,000	\$ -	\$ (260,000)	\$ 2,990,000	\$ 265,000
2022 Private placement refunding	6,875,000	-	(390,000)	6,485,000	405,000
<i>Direct Borrowing:</i>					
OPWC direct borrowing loans	484,898	-	(113,338)	371,560	113,338
ODWA direct borrowing loans	14,541,545	675,883	(1,864,197)	13,353,231	1,780,205
Lease-purchase obligations	106,756	-	(106,756)	-	-
Compensated absences*	<u>454,965</u>	<u>51,764</u>	<u>-</u>	<u>506,729</u>	<u>53,712</u>
	<u><u>\$ 25,713,164</u></u>	<u><u>\$ 727,647</u></u>	<u><u>\$ (2,734,291)</u></u>	<u><u>\$ 23,706,520</u></u>	<u><u>\$ 2,617,255</u></u>

\* The change in compensated absences above is a net change for the year.

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

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**NOTE 11—LONG-TERM LIABILITIES – *continued***

**Series 2019 Private Placement Refunding Bonds**

On December 18, 2019, the City issued \$3,695,000 in direct placement Series 2019 private placement refunding bonds to advance refund \$3,515,000 of the Series 2010 general obligation sanitary sewer improvement bonds. The refunded bonds pay an interest rate of 2.571% and mature on December 1, 2034.

**Series 2022 Private Placement Various Purpose Improvement and Refunding Bonds**

On October 24, 2022, the City issued \$7,225,000 in direct placement Series 2022 private placement various purpose improvement and refunding bonds to retire the \$2,150,000 in 2021 sewer bond anticipation notes and provide funding for the Edgewood Road sewer project. These bonds pay an interest rate of 3.41% and mature on December 1, 2037.

The general obligation bonds are expected to be retired with revenues of the sewer fund. General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax within the limitations of Ohio law.

**OPWC Loans**

Improvements to the City's water treatment facilities and State Street/Campbell Road and Etta, Lellan and Joyce Ave. improvements were financed through expenditures by the Ohio Public Works Commission (OPWC). At December 31, 2024, the City has two interest-free loans outstanding through the OPWC payable from business-type activities. The loans are payable in semi-annual installments of principal. The amounts due to the OPWC are payable solely from sewer and storm water revenues.

**OWDA Loans**

The City has entered into debt financing arrangements through the OWDA to fund construction projects. The amounts due to the OWDA are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2024, the City has outstanding borrowings of \$13,353,232. The loans are payable in semi-annual payments with interest rates ranging from 0.53% to 3.64%.

In 2019, the City entered into a direct borrowing loan agreement with OWDA to borrow up to \$8,057,900 for water softening improvements and a chemical room. This loan, when finalized, will bear an interest rate of 0.53% and is estimated to mature in 2042. The City drew down \$675,883 during 2024, bring the total drawn as of December 31, 2024 to \$8,093,349. The City began to make debt payments on this loan during 2023 based on an estimated loan amortization schedule.

**Lease-Purchase Obligations**

The City entered into a lease-purchase obligation in a prior year to finance the purchase of utility vehicles. The obligation bears an interest rate of 2.2% and fully matured in 2024.

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

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**NOTE 11—LONG-TERM LIABILITIES – *continued***

The general obligation bonds will be liquidated from the Sewer Fund. The OPWC loans will be liquidated from the Sewer and Storm Water Funds. The OWDA loans will be liquidated from the Water and Sewer Funds.

Principal and interest requirements to retire the City's outstanding obligations at December 31, 2024 were:

Year Ending December 31,	<i>Business-Type Activities Private Placement</i>			
	2019 Refunding G.O. Bonds		2022 Various Purpose and Refunding G.O. Bonds	
	Principal	Interest	Principal	Interest
2025	\$ 265,000	\$ 75,348	\$ 405,000	\$ -
2026	270,000	68,670	415,000	221,139
2027	280,000	61,866	430,000	207,328
2028	285,000	54,810	450,000	193,177
2029	295,000	47,628	465,000	178,514
2030-2034	1,595,000	122,472	2,565,000	567,254
2035-2037	-	-	1,755,000	121,055
Total	<u>\$ 2,990,000</u>	<u>\$ 430,795</u>	<u>\$ 6,485,000</u>	<u>\$ 1,488,466</u>

Year Ending December 31,	<i>Business-Type Activities Direct Borrowing</i>		
	OWDA		OPWC
	Principal	Interest	Principal
2025	\$ 1,780,205	\$ 136,657	\$ 113,338
2026	1,891,133	124,345	113,338
2027	1,863,028	91,927	113,339
2028	1,833,041	61,396	21,030
2029	623,148	36,184	10,515
2030-2034	2,019,019	118,151	-
2035-2039	2,073,165	64,004	-
2040- 2042	1,270,491	11,810	-
Total	<u>\$ 13,353,231</u>	<u>\$ 644,473</u>	<u>\$ 371,560</u>

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

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**NOTE 12—CONTINGENT LIABILITIES**

**Litigation**

The City is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect on the financial condition of the City.

**Federal and State Grants**

The City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The City believes all expenditures meet grant qualifications.

**Asset Retirement Obligations**

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio Environmental Protection Agency (EPA) for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment system and the permit would specify the procedures required to dispose of all or part of the sewage treatment system. At this time, the City does not have an approved permit from the Ohio EPA to dispose of all or part of their sewage treatment system. Due to the lack of specific legal requirements for retiring the sewage treatment system, the City has determined that the amount of the asset retirement obligation cannot be reasonably estimated.

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

## **NOTE 13—FUND BALANCES**

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

	General Fund	Street	Fire Improvement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Fund Balances						
<b><i>Nonspendable:</i></b>						
Prepays	\$ 51,857	\$ 10,596	\$ 54,697	\$ -	\$ 10,910	\$ 128,060
Inventory	-	10,702	-	-	-	10,702
<i>Total Nonspendable</i>	<u>51,857</u>	<u>21,298</u>	<u>54,697</u>	<u>-</u>	<u>10,910</u>	<u>138,762</u>
<b><i>Restricted for:</i></b>						
Public safety	-	-	858,413	-	121,259	979,672
Debt service	-	-	-	-	37,560	37,560
Recreational activities	-	-	-	-	1,080,564	1,080,564
Street and highway projects	-	1,362,532	-	-	101,724	1,464,256
Infrastructure projects	-	-	-	-	1,060,346	1,060,346
Other purposes	-	-	-	-	49,842	49,842
<i>Total Restricted</i>	<u>-</u>	<u>1,362,532</u>	<u>858,413</u>	<u>-</u>	<u>2,451,295</u>	<u>4,672,240</u>
<b><i>Committed to</i></b>						
Severances	910,269	-	-	-	-	910,269
Capital projects	-	-	-	246,177	-	246,177
<i>Total Committed</i>	<u>910,269</u>	<u>-</u>	<u>-</u>	<u>246,177</u>	<u>-</u>	<u>1,156,446</u>
<b><i>Assigned to:</i></b>						
Public safety	83,733	-	-	-	15,832	99,565
Recreational activities	27,534	-	-	-	-	27,534
Parks and recreation	1,961	-	-	-	-	1,961
Building, planning and zoning	77,472	-	-	-	-	77,472
General government	185,095	-	-	-	-	185,095
Other	-	-	-	-	3,050,000	3,050,000
<i>Total Assigned</i>	<u>375,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,065,832</u>	<u>3,441,627</u>
<b><i>Unassigned (Deficit)</i></b>	<b>8,030,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,030,650</b>
<b><i>Total Fund Balance</i></b>	<b>\$ 9,368,571</b>	<b>\$ 1,383,830</b>	<b>\$ 913,110</b>	<b>\$ 246,177</b>	<b>\$ 5,528,037</b>	<b>\$ 17,439,725</b>

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

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**NOTE 14—COMMITMENTS**

The City utilizes 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, the amount of encumbrances outstanding in the governmental funds was as follows:

General Fund	\$ 413,988
Street Fund	686,490
Fire Improvement Fund	63,151
Nomajor Governmental Funds	<u>420,539</u>
	<u><u>\$ 1,584,168</u></u>

**NOTE 15—TAX ABATEMENTS**

The City receives reduced property tax revenues as a result of Enterprise Zone (EZ) and Community Reinvestment Area (CRA) programs. These programs are for the purpose of establishing, expanding, renovating or occupying facilities and hiring new employees and preserving jobs within said zones or areas in exchange for specified local tax incentives. Under the EZ program, businesses may apply for tax reductions on real property investments. The amount of the tax exemption is negotiated on an individual project basis and varies according to the size of the investment and the number of jobs created or retained. Under the CRA program, real property investment incentives are available for projects involving the renovation of existing or the construction of new buildings for residential, commercial or industrial projects.

During 2024, the City's property tax revenues were reduced by \$215,965 under these programs.

**NOTE 16—CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT**

During 2024, the City implemented Governmental Accounting Standards Board (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 assessing 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. The implementation of GASB Statement No. 101 has the following impact on beginning net position:

	Water	Sewer
Net Position at December 31, 2023	\$ 12,061,763	\$ 14,111,681
Adjustments:		
GASB No. 101 Implementation	<u>(57,371)</u>	<u>(77,466)</u>
Restated Net Position at December 31, 2023	<u><u>\$ 12,004,392</u></u>	<u><u>\$ 14,034,215</u></u>

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

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**NOTE 16—CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT – *continued***

	Governmental Activities	Business-Type Activities
Net Position at December 31, 2023	\$ 22,234,987	\$ 28,210,209
Adjustments:		
GASB No. 101 Implementation	<u>(1,241,944)</u>	<u>(134,837)</u>
Restated Net Position at December 31, 2023	<u><u>\$ 20,993,043</u></u>	<u><u>\$ 28,075,372</u></u>

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## **Required Supplementary Information**

## CITY OF HARRISON

### Required Supplementary Information

#### Schedule of City's Proportionate Share of the Net Pension Liability

#### and City Pension Contributions

#### Ohio Public Employees Retirement System - Traditional Pension Plan

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	0.01149%	\$ 1,385,943	\$ 1,408,850	98.37%	86.45%
2016	0.01152%	1,994,671	1,552,425	128.49%	81.08%
2017	0.01253%	2,845,214	1,692,225	168.13%	77.25%
2018	0.01313%	2,059,541	1,343,162	153.34%	84.66%
2019	0.01365%	3,739,650	1,798,529	207.93%	74.70%
2020	0.01388%	2,743,650	2,057,864	133.33%	82.17%
2021	0.01432%	2,119,871	1,990,150	106.52%	86.88%
2022	0.01447%	1,258,756	2,090,507	60.21%	92.62%
2023	0.01480%	4,373,180	2,407,093	181.68%	75.74%
2024	0.01429%	3,742,303	2,589,564	144.51%	79.01%

Calendar Year	Contributions in Relation to the Contractually Required Contributions			City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)		
2015	\$ 186,291	\$ (186,291)	\$ -	\$ 1,552,425	12.00%
2016	203,067	(203,067)	-	1,692,225	12.00%
2017	174,611	(174,611)	-	1,343,162	13.00%
2018	251,794	(251,794)	-	1,798,529	14.00%
2019	288,101	(288,101)	-	2,057,864	14.00%
2020	278,621	(278,621)	-	1,990,150	14.00%
2021	292,671	(292,671)	-	2,090,507	14.00%
2022	336,993	(336,993)	-	2,407,093	14.00%
2023	362,539	(362,539)	-	2,589,564	14.00%
2024	375,619	(375,619)	-	2,682,993	14.00%

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

See Notes to Required Supplementary Information.

## CITY OF HARRISON

### 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	0.15561%	\$ 8,060,993	\$ 3,198,414	252.03%	71.71%
2016	0.14814%	9,529,887	3,183,678	299.34%	66.77%
2017	0.16014%	10,143,234	3,624,913	279.82%	68.36%
2018	0.16957%	10,407,251	3,820,692	272.39%	70.91%
2019	0.16879%	13,777,807	3,977,501	346.39%	63.07%
2020	0.16461%	11,088,862	4,446,232	249.40%	69.89%
2021	0.16586%	11,306,648	4,282,623	264.01%	70.65%
2022	0.16297%	10,181,449	4,235,465	240.39%	75.03%
2023	0.16303%	15,486,541	4,850,329	319.29%	62.90%
2024	0.15921%	15,382,278	5,482,160	280.59%	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	\$ 639,601	\$ (639,601)	\$ -	\$ 3,183,678	20.09%
2016	728,245	(728,245)	-	3,624,913	20.09%
2017	767,577	(767,577)	-	3,820,692	20.09%
2018	799,080	(799,080)	-	3,977,501	20.09%
2019	893,248	(893,248)	-	4,446,232	20.09%
2020	860,379	(860,379)	-	4,282,623	20.09%
2021	850,905	(850,905)	-	4,235,465	20.09%
2022	974,431	(974,431)	-	4,850,329	20.09%
2023	1,101,366	(1,101,366)	-	5,482,160	20.09%
2024	1,126,519	(1,126,519)	-	5,607,362	20.09%

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

See Notes to Required Supplementary Information.

## CITY OF HARRISON

### 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	0.01474%	\$ 1,489,124	\$ 1,692,225	88.00%	54.05%
2018	0.01521%	1,651,339	1,343,162	122.94%	54.14%
2019	0.01569%	2,045,097	1,798,529	113.71%	46.33%
2020	0.01568%	2,165,909	2,057,864	105.25%	47.80%
2021	0.01580%	(281,401)	1,990,150	(14.14%)	115.57%
2022	0.01611%	(504,507)	2,090,507	(24.13%)	128.23%
2023	0.01630%	102,790	2,407,093	4.27%	94.79%
2024	0.01599%	(144,340)	2,589,564	(5.57%)	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	\$ 31,049	\$ (31,049)	\$ -	\$ 1,552,425	2.0%
2016	33,845	(33,845)	-	1,692,225	2.0%
2017	16,560	(16,560)	-	1,343,162	2.0%
2018	9,881	(9,881)	-	1,798,529	0.5%
2019	11,025	(11,025)	-	2,057,864	0.5%
2020	9,363	(9,363)	-	1,990,150	0.5%
2021	8,007	(8,007)	-	2,090,507	0.4%
2022	12,603	(12,603)	-	2,407,093	0.5%
2023	14,217	(14,217)	-	2,589,564	0.5%
2024	13,301	(13,301)	-	2,682,993	0.5%

(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 Notes to Required Supplementary Information.

## CITY OF HARRISON

### 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	0.16014%	\$ 7,601,581	\$ 3,624,913	209.70%	15.96%
2018	0.16957%	9,607,576	3,820,692	251.46%	14.13%
2019	0.16879%	1,537,101	3,977,501	38.64%	46.57%
2020	0.16461%	1,625,951	4,446,232	36.57%	47.08%
2021	0.16586%	1,757,287	4,235,465	41.49%	45.42%
2022	0.16297%	1,786,295	4,235,465	42.17%	46.90%
2023	0.16303%	1,160,747	4,850,329	23.93%	52.59%
2024	0.15921%	1,162,471	5,482,160	21.20%	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	\$ 15,349	\$ (15,349)	\$ -	\$ 3,183,678	0.5%
2016	17,244	(17,244)	-	3,624,913	0.5%
2017	17,949	(17,949)	-	3,820,692	0.5%
2018	18,598	(18,598)	-	3,977,501	0.5%
2019	20,811	(20,811)	-	4,446,232	0.5%
2020	20,045	(20,045)	-	4,235,465	0.5%
2021	19,823	(19,823)	-	4,235,465	0.5%
2022	22,896	(22,896)	-	4,850,329	0.5%
2023	25,821	(25,821)	-	5,482,160	0.5%
2024	26,369	(26,369)	-	5,607,362	0.5%

(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 Notes to Required Supplementary Information.

## CITY OF HARRISON

Required Supplementary Information  
Notes to Required Supplementary Information  
Ohio Public Employees Retirement System

### ***Notes to Pension Information***

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#### *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.

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.

### ***Notes to OPEB Information***

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#### *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 HARRISON**

Required Supplementary Information  
Notes to Required Supplementary Information  
Ohio Police and Fire Pension Fund

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### ***Notes to Pension Information***

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#### **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.

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### ***Notes to OPEB Information***

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#### **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 the 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%.

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

City of Harrison  
Hamilton County  
300 George Street  
Cincinnati, Ohio 45030

To the Council Members:

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*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Harrison, Hamilton County, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 25, 2025, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and No. 101, *Compensated Absences*.

***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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

City of Harrison  
Hamilton County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

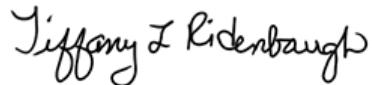
***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



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

September 25, 2025

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF HARRISON**

**HAMILTON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/9/2025**

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

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