

**CITY OF OBERLIN
LORAIN COUNTY, OHIO**

AUDIT REPORT

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

Zupka & Associates
Certified Public Accountants



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City Council
City of Oberlin
69 South Main Street
Oberlin, Ohio 44074

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

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

KEITH FABER
Ohio Auditor of State

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

October 17, 2025

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**CITY OF OBERLIN
LORAIN COUNTY, OHIO
AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

City of Oberlin
Lorain County
69 South Main Street
Oberlin, Ohio 44074

To the Members of City Council:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oberlin, Lorain 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 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 Oberlin as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Police-Fire Pension Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

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 Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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 June 25, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

June 25, 2025

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CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

- ❑ In total, net position increased \$2,453,782. Net position of governmental activities increased \$4,500,616 from 2023. Net position of business-type activities decreased \$2,046,834 from 2023.
- ❑ General revenues accounted for \$14.9 million in revenue or 38% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for 62% of total revenues of \$39.4 million.
- ❑ The City had \$15.9 million in expenses related to governmental activities; only \$2.4 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes) of \$14.5 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$12.1 million in revenues and \$11.1 million in expenditures. The general fund's fund balance, including other financing sources and uses, increased \$805,580 to \$11,546,387.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position (the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating.
- To assess the overall health of the City, additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's infrastructure and continued growth within the City need to be considered.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for services and sales basis to recover all of the expenses of the goods or services provided. The City's water, sanitary sewer, storm water, electric, refuse and cable services are reported as business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular 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 accounting, 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 determine whether there are more or fewer financial resources that can be spent in the near future to finance municipal services programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Change in Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	Restated 2023	2024	Restated 2023	2024	Restated 2023
Current and other assets	\$23,818,562	\$19,464,294	\$22,071,098	\$23,817,029	\$45,889,660	\$43,281,323
Capital assets, Net	33,593,923	33,886,899	31,689,354	32,062,979	65,283,277	65,949,878
Total assets	57,412,485	53,351,193	53,760,452	55,880,008	111,172,937	109,231,201
Deferred outflows of resources	4,262,991	5,801,465	1,576,595	2,495,016	5,839,586	8,296,481
Net pension liability	12,502,573	13,156,936	4,622,485	5,155,019	17,125,058	18,311,955
Net OPEB liability	490,386	621,205	0	112,851	490,386	734,056
Other long-term liabilities	5,135,841	5,853,748	2,269,735	2,521,669	7,405,576	8,375,417
Other liabilities	1,057,247	1,380,026	490,459	571,273	1,547,706	1,951,299
Total liabilities	19,186,047	21,011,915	7,382,679	8,360,812	26,568,726	29,372,727
Deferred inflows of resources	2,554,040	2,705,970	498,939	511,949	3,052,979	3,217,919
Net position:						
Net investment in capital assets	30,137,417	29,793,724	30,122,231	30,397,911	60,259,648	60,191,635
Restricted	2,774,070	2,774,411	0	0	2,774,070	2,774,411
Unrestricted	7,023,902	2,866,638	17,333,198	19,104,352	24,357,100	21,970,990
Total net position	\$39,935,389	\$35,434,773	\$47,455,429	\$49,502,263	\$87,390,818	\$84,937,036

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." In 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for Services and Sales	1,718,459	\$1,562,009	\$22,124,062	\$20,839,332	\$23,842,521	\$22,401,341
Operating Grants and Contributions	322,650	419,451	0	0	322,650	419,451
Capital Grants and Contributions	342,825	146,534	0	7,454,057	342,825	7,600,591
General revenues:						
Property Taxes	993,489	1,047,003	377,702	440,093	1,371,191	1,487,096
Municipal Income Taxes	9,560,335	9,411,462	0	0	9,560,335	9,411,462
Grants and Entitlements not Restricted to Specific Programs	1,425,813	1,236,083	0	0	1,425,813	1,236,083
Investment Earnings	1,185,787	1,473,212	0	0	1,185,787	1,473,212
Miscellaneous	1,339,507	1,554,926	0	0	1,339,507	1,554,926
Total revenues	16,888,865	16,850,680	22,501,764	28,733,482	39,390,629	45,584,162
Program Expenses						
Security of Persons and Property	5,801,046	5,418,902	0	0	5,801,046	5,418,902
Public Health and Welfare Services	381,990	266,957	0	0	381,990	266,957
Leisure Time Activities	1,183,677	1,113,426	0	0	1,183,677	1,113,426
Community Environment	744,627	1,904,421	0	0	744,627	1,904,421
Basic Utility Services	307,567	358,616	0	0	307,567	358,616
Transportation	2,467,180	1,564,959	0	0	2,467,180	1,564,959
General Government	5,021,416	5,219,915	0	0	5,021,416	5,219,915
Interest and Fiscal Charges	44,828	52,354	0	0	44,828	52,354
Cable	0	0	36,489	19,741	36,489	19,741
Water	0	0	2,419,515	1,970,339	2,419,515	1,970,339
Sewer	0	0	2,840,562	2,259,687	2,840,562	2,259,687
Refuse	0	0	971,153	1,081,729	971,153	1,081,729
Electric	0	0	14,334,496	13,497,043	14,334,496	13,497,043
Storm Water	0	0	382,301	275,508	382,301	275,508
Total expenses	15,952,331	15,899,550	20,984,516	19,104,047	36,936,847	35,003,597
Excess (deficiency) before Transfers	936,534	951,130	1,517,248	9,629,435	2,453,782	10,580,565
Transfers In (Out)	3,564,082	(104,938)	(3,564,082)	104,938	0	0
Total Change in Net Position	4,500,616	846,192	(2,046,834)	9,734,373	2,453,782	10,580,565
Net Position as Previously Reported	35,720,113	0	49,756,662	0	85,476,775	0
Change in Accounting Principle (GASB Statement 101)	(285,340)	0	(254,399)	0	(539,739)	0
Beginning Net Position, as Restated	34,873,921	34,873,921	40,022,289	40,022,289	74,896,210	74,896,210
Ending Net Position	\$39,935,389	\$35,720,113	\$47,455,429	\$49,756,662	\$87,390,818	\$85,476,775

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

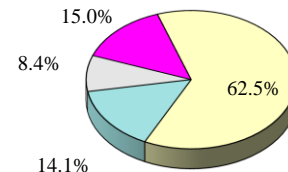
Governmental Activities

Net position of the City's governmental activities had an increase of \$4,500,616. Much of this increase was a result of a large transfer out from the electric fund in the amount of \$3,200,000 to the Sustainable Reserve fund during the year. The purpose of the Sustainable Reserve Fund is to provide funding for services, programs or projects demonstrating energy efficiency, energy conservation, green-house gas emission reductions and/or development of renewable generation resources as referenced in the Climate Action Plan (CAP) adopted by the City of Oberlin. Requests for funding must demonstrate a furtherance of progress toward the City's goal of being a climate positive community by 2050 through services/programs or projects that are consistent with the strategies contained in the Climate Action Plan and support the Oberlin community's goals of social equity.

The City also receives a municipal income tax, which is based on 2.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and municipal income taxes made up 6% and 57%, respectively, of revenues for governmental activities for the City in fiscal year 2024. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62% of total revenues from general tax revenues:

Revenue Sources	2024	Percent of Total
Grants and Entitlements not Restricted to Specific Programs	\$1,425,813	8.4%
Program Revenues	2,383,934	14.1%
General Tax Revenues	10,553,824	62.5%
General Other	2,525,294	15.0%
Total Revenue	<u>\$16,888,865</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities decreased by \$2,046,834. This was mostly due to the \$3,200,000 of transfers out from the electric fund to the Sustainable Reserve fund. The Electric fund netted \$1.5 million in 2023 from the sale and repurchase of renewal energy credits (RECs). In addition, there were increases in user charges from 2023 to 2024. User rates in the enterprise funds, other than electric, are evaluated annually by management according to rate formulas approved by the legislative body. Changes to user rates are made annually when necessary to keep pace with increased operational and capital costs. The generation component of the electric rates is adjusted monthly to reflect changes in fuel and other variable costs. Periodic rate studies are used to adjust the remaining components of the electric rates. A recent electric rate study changed rates effective January 1, 2025.

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$21,098,479, which is an increase from last year's balance of \$16,962,487. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2024 and 2023:

	Fund Balance December 31, 2024	Fund Balance December 31, 2023	Increase (Decrease)
General	\$11,546,387	\$10,740,807	\$805,580
Police-Fire Pension	2,737	(7,083)	9,820
Income Tax	2,439,690	1,932,374	507,316
Other Governmental	7,109,665	4,296,389	2,813,276
Total	<u>\$21,098,479</u>	<u>\$16,962,487</u>	<u>\$4,135,992</u>

General Fund – The City's General Fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2024 Revenues	2023 Revenues	Increase (Decrease)
Taxes	\$7,506,224	\$7,407,301	\$98,923
Intergovernmental Revenue	990,219	907,848	82,371
Charges for Services	233,627	218,051	15,576
Licenses and Permits	279,267	406,634	(127,367)
Investment Earnings	1,107,292	1,336,914	(229,622)
Special Assessments	4,304	1,844	2,460
Fines and Forfeitures	537,958	536,346	1,612
All Other Revenue	1,462,147	1,296,643	165,504
Total	<u>\$12,121,038</u>	<u>\$12,111,581</u>	<u>\$9,457</u>

General Fund revenues in 2024 increased by \$9,457, a less than 1% increase compared to revenues in fiscal year 2023. The largest increase took place in tax revenues. The increase is attributed to the normal everyday business activity of the City.

	2024 Expenditures	2023 Expenditures	Increase (Decrease)
Security of Persons and Property	\$4,527,094	\$4,191,810	\$335,284
Public Health and Welfare Services	259,985	228,195	31,790
Leisure Time Activities	903,400	902,040	1,360
Community Environment	711,289	2,850,979	(2,139,690)
Transportation	253,559	244,565	8,994
General Government	4,493,210	4,390,936	102,274
Total	<u>\$11,148,537</u>	<u>\$12,808,525</u>	<u>(\$1,659,988)</u>

General Fund expenditures decreased by \$1,659,988 compared to the prior year mostly due to the \$2,179,213 that was expended in General Fund through community services for the purchase of over 200 acres of farmland adjacent to the City limits, near the intersection of two state routes during 2023. The City intends to annex the property into the City and work with a developer to create a new industrial park to promote local job creation and grow City revenues through increased City income tax and property tax collections.

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

For the Income Tax Fund, the fund balance increase of \$507,316 is related to the decrease in capital expenditures from 2023 to 2024.

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

During the course of fiscal year 2024, the City amended its General Fund budget several times, to adjust for various appropriations.

For the General Fund, final budget basis revenue of \$10.4 million, not including other financing sources, changed slightly from the original budget. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2024, the City had \$65,283,877 net of accumulated depreciation invested in land, improvements other than buildings, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$33,593,923 was related to governmental activities and \$31,689,954 to the business-type activities. The following table shows fiscal year 2024 and 2023 balances:

	Governmental Activities		Increase (Decrease)
	2024	2023	
Land	\$5,776,180	\$5,730,930	\$45,250
Construction in Progress	1,166,229	499,988	666,241
Buildings	17,540,713	17,525,388	15,325
Improvements Other Than Buildings	1,681,317	1,644,317	37,000
Machinery and Equipment	9,901,161	9,612,568	288,593
Infrastructure	40,449,809	39,899,416	550,393
Less: Accumulated Depreciation	(42,921,486)	(41,025,708)	(1,895,778)
Totals	<u>\$33,593,923</u>	<u>\$33,886,899</u>	<u>(\$292,976)</u>

CITY OF OBERLIN, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

	Business-Type Activities		Increase (Decrease)
	2024	2023	
Land	\$750,508	\$750,508	\$0
Construction in Progress	1,115,368	1,425,903	(310,535)
Buildings	16,272,815	15,420,012	852,803
Infrastructure	20,153,256	20,153,256	0
Improvements Other Than Buildings	3,769,417	3,693,577	75,840
Machinery and Equipment	25,579,228	24,908,965	670,263
Less: Accumulated Depreciation	(35,951,238)	(34,289,242)	(1,661,996)
Totals	<u>\$31,689,354</u>	<u>\$32,062,979</u>	<u>(\$373,625)</u>

The governmental and business-type activities decreases in capital assets were mostly related to the increase in depreciation expenses during 2024. Additional information on the City's capital assets can be found in Note 11.

Long-Term Obligations

At December 31, 2024, the City had \$3.0 million in bonds outstanding, with \$620,000 being due within one year. The following table summarizes the City's long-term obligations outstanding as of December 31, 2024 and 2023:

	2024	Restated 2023
Governmental Activities:		
General Obligation Bonds	\$3,015,000	\$3,635,000
OPWC Loans Payable	410,548	458,175
Net Pension Liability	12,502,573	13,156,936
Net OPEB Liability	490,386	621,205
Compensated Absences	1,710,293	1,760,385
Total Governmental Activities	<u>18,128,800</u>	<u>19,631,701</u>
Business-Type Activities:		
OWDA Loans Payable	\$1,401,174	\$1,665,063
Net Pension Liability	4,622,485	5,155,019
Net OPEB Liability	0	112,851
Compensated Absences	868,561	724,784
Total Business-Type Activities	<u>6,892,220</u>	<u>7,657,717</u>
Totals	<u>\$25,021,020</u>	<u>\$27,289,418</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the County, is limited to ten mills. At December 31, 2024, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 16.

CITY OF OBERLIN, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2024***

Unaudited

ECONOMIC FACTORS

The City's original budget for 2024 utilized conservative revenue estimates with increases in base operating costs. Expenditures were projected to exceed revenues in some of the funds, including the General Fund. City Council decided they wanted to maintain current service levels to the residents of the City by utilizing reserve fund balances. Original General Fund 2024 revenues were projected to be 4.8% less than the actual receipts for 2023. This was due primarily to conservative based budgeting.

General Fund 2024 expenditures were originally budgeted at 6.2% less than 2023 actual expenditures. Actual expenditures were less than anticipated. This was due primarily to conservative based budgeting.

In 2022, with a downpayment in 2022 and final payment in 2023, the City took advantage of a rare opportunity to purchase over 200 acres of farmland adjacent to the City limits, near the intersection of two state routes. In 2024 the City has annexed part of the property and intends to annex the remainder of the property in 2025 into the City and work with a developer to create a new industrial park to promote local job creation and grow City revenues through increased City income tax and property tax collections. The property is currently leased to a local farmer until the City has developed a formal development plan for the property.

City Council continues to pursue securing existing, and establishing new, revenue sources, while also focusing on reducing expenditures and continuing the community's commitment towards environmental sustainability. City Council continues to maintain the fiscal stability of the City by utilizing a conservative approach towards budgeting and keeping a close watch on economic conditions. The City's conservative approach and sound financial management has allowed the City government to financially sustain any lagging effects of the pandemic. The City continues to monitor its finances, and in the case of an economic downturn, is prepared to modify operations accordingly.

REQUESTS FOR INFORMATION

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 Director, Marin Fowler, by calling 440-775-7210 or writing to City of Oberlin Finance Department, 69 South Main Street, Oberlin, Ohio 44074.

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CITY OF OBERLIN, OHIO

Statement of Net Position December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$ 20,055,601	\$ 17,915,042	\$ 37,970,643
Receivables:			
Taxes	3,294,486	405,770	3,700,256
Accounts	6,103	1,670,445	1,676,548
Intergovernmental	457,272	16,837	474,109
Interest	311,944	0	311,944
Special Assessments	13,617	2,218	15,835
Settlements	88,014	0	88,014
Loans	145,645	0	145,645
Lease	72,065	0	72,065
Internal Balances	(1,087,776)	1,087,776	0
Inventory of Supplies at Cost	89,545	661,739	751,284
Prepaid Items	161,056	49,905	210,961
Net OPEB Asset	210,990	162,176	373,166
Capital Assets:			
Capital Assets Not Being Depreciated	6,942,409	1,865,876	8,808,285
Capital Assets Being Depreciated, Net	26,651,514	29,823,478	56,474,992
Investment in Joint Venture	0	99,190	99,190
Total Assets	57,412,485	53,760,452	111,172,937
Deferred Outflows of Resources:			
Pension	3,794,453	1,437,444	5,231,897
OPEB	468,538	139,151	607,689
Total Deferred Outflows of Resources	4,262,991	1,576,595	5,839,586
Liabilities:			
Accounts Payable	240,307	367,964	608,271
Accrued Wages and Benefits	187,922	122,495	310,417
Intergovernmental Payable	179,788	0	179,788
Due to Others	131,988	0	131,988
Unearned Revenue	314,099	0	314,099
Accrued Interest Payable	3,143	0	3,143
Long-Term Liabilities:			
Due Within One Year	1,445,823	675,576	2,121,399
Net Pension Liability	12,502,573	4,622,485	17,125,058
Net OPEB Liability	490,386	0	490,386
Due in More Than One Year	3,690,018	1,594,159	5,284,177
Total Liabilities	19,186,047	7,382,679	26,568,726

(Continued)

CITY OF OBERLIN, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	1,408,763	374,938	1,783,701
Pension	478,559	31,201	509,760
OPEB	594,653	92,800	687,453
Lease Revenue	72,065	0	72,065
Total Deferred Inflows of Resources	<u>2,554,040</u>	<u>498,939</u>	<u>3,052,979</u>
Net Position:			
Net Investment in Capital Assets	30,137,417	30,122,231	60,259,648
Restricted For:			
Capital Projects	1,794,832	0	1,794,832
Debt Service	272,347	0	272,347
Other Purposes	706,891	0	706,891
Unrestricted	<u>7,023,902</u>	<u>17,333,198</u>	<u>24,357,100</u>
Total Net Position	<u><u>\$ 39,935,389</u></u>	<u><u>\$ 47,455,429</u></u>	<u><u>\$ 87,390,818</u></u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Statement of Activities For the Year Ended December 31, 2024

		Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 5,801,046	\$ 95,951	\$ 0	\$ 0
Public Health and Welfare Services	381,990	42,400	0	0
Leisure Time Activities	1,183,677	32,996	0	0
Community Environment	744,627	210,517	0	0
Basic Utility Services	307,567	5,472	0	0
Transportation	2,467,180	7,011	322,650	342,825
General Government	5,021,416	1,324,112	0	0
Interest and Fiscal Charges	44,828	0	0	0
Total Governmental Activities	15,952,331	1,718,459	322,650	342,825
Business-Type Activities:				
Cable	36,489	15,634	0	0
Water	2,419,515	2,348,462	0	0
Sewer	2,840,562	1,838,309	0	0
Refuse	971,153	1,057,975	0	0
Electric	14,334,496	16,464,941	0	0
Storm Water	382,301	398,741	0	0
Total Business-Type Activities	20,984,516	22,124,062	0	0
Totals	\$ 36,936,847	\$ 23,842,521	\$ 322,650	\$ 342,825

General Revenues

Property Taxes

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position as Previously Reported

Change in Accounting Principle (GASB Statement 101)

Net Position Beginning of Year, as Restated

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (5,705,095)	\$ 0	\$ (5,705,095)
(339,590)	0	(339,590)
(1,150,681)	0	(1,150,681)
(534,110)	0	(534,110)
(302,095)	0	(302,095)
(1,794,694)	0	(1,794,694)
(3,697,304)	0	(3,697,304)
(44,828)	0	(44,828)
(13,568,397)	0	(13,568,397)
0	(20,855)	(20,855)
0	(71,053)	(71,053)
0	(1,002,253)	(1,002,253)
0	86,822	86,822
0	2,130,445	2,130,445
0	16,440	16,440
0	1,139,546	1,139,546
(13,568,397)	1,139,546	(12,428,851)
993,489	377,702	1,371,191
9,560,335	0	9,560,335
1,425,813	0	1,425,813
1,185,787	0	1,185,787
1,339,507	0	1,339,507
3,564,082	(3,564,082)	0
18,069,013	(3,186,380)	14,882,633
4,500,616	(2,046,834)	2,453,782
35,720,113	49,756,662	85,476,775
(285,340)	(254,399)	(539,739)
35,434,773	49,502,263	84,937,036
\$ 39,935,389	\$ 47,455,429	\$ 87,390,818

CITY OF OBERLIN, OHIO

Balance Sheet
Governmental Funds
December 31, 2024

	General	Police-Fire Pension	Income Tax
Assets:			
Equity in Pooled Cash and Investments	\$ 10,436,772	\$ 36,582	\$ 1,952,452
Receivables:			
Taxes	2,075,420	535,524	514,567
Accounts	5,693	0	0
Intergovernmental	268,632	24,275	0
Interest	311,944	0	0
Special Assessments	13,315	0	302
Settlements	88,014	0	0
Loans	2,155	0	0
Leases	72,065	0	0
Interfund Loans Receivables	29,365	0	0
Inventory of Supplies, at Cost	14,865	0	0
Prepaid Items	110,592	0	0
Total Assets	\$ 13,428,832	\$ 596,381	\$ 2,467,321
Liabilities:			
Accounts Payable	151,826	0	27,329
Accrued Wages and Benefits Payable	131,860	33,845	0
Intergovernmental Payable	179,788	0	0
Due to Others	0	0	0
Interfund Loans Payable	0	0	0
Unearned Revenue	0	0	0
Total Liabilities	463,474	33,845	27,329
Deferred Inflows of Resources:			
Unavailable Amounts	606,783	60,134	302
Property Tax for Next Fiscal Year	740,123	499,665	0
Lease Revenue	72,065	0	0
Total Deferred Inflows of Resources	1,418,971	559,799	302
Fund Balances:			
Nonspendable	125,457	0	0
Restricted	0	2,737	0
Committed	737,438	0	2,439,690
Assigned	2,454,178	0	0
Unassigned	8,229,314	0	0
Total Fund Balances	11,546,387	2,737	2,439,690
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 13,428,832	\$ 596,381	\$ 2,467,321

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 7,458,356	\$ 19,884,162
168,975	3,294,486
410	6,103
164,365	457,272
0	311,944
0	13,617
0	88,014
143,490	145,645
0	72,065
0	29,365
74,680	89,545
49,650	160,242
<u>\$ 8,059,926</u>	<u>\$ 24,552,460</u>
32,239	211,394
16,496	182,201
0	179,788
131,988	131,988
29,365	29,365
314,099	314,099
<u>524,187</u>	<u>1,048,835</u>
257,099	924,318
168,975	1,408,763
0	72,065
<u>426,074</u>	<u>2,405,146</u>
151,589	277,046
2,626,299	2,629,036
4,359,611	7,536,739
1,531	2,455,709
(29,365)	8,199,949
<u>7,109,665</u>	<u>21,098,479</u>
<u>\$ 8,059,926</u>	<u>\$ 24,552,460</u>

CITY OF OBERLIN, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2024

Total Governmental Fund Balances		\$ 21,098,479
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		31,148,101
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenues in the funds.		
Delinquent Property Taxes	48,192	
Charges for Services	145,644	
Interest Revenues	311,944	
Special Assessments	13,617	
Settlements	88,014	
Intergovernmental	<u>316,907</u>	924,318
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	204,163	
Deferred Outflows - Pension	3,734,130	
Deferred Inflows - Pension	(477,175)	
Deferred Outflows - OPEB	462,680	
Deferred Inflows - OPEB	(590,747)	
Net Pension Liability	(12,307,976)	
Net OEPB Liability	<u>(490,386)</u>	(9,465,311)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds, it is reported when due.		(3,143)
Internal service funds are used by management to charge the costs of servicing vehicles and purchasing office supplies to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		1,343,305
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(3,015,000)	
Ohio Public Works Commission Loan Payable	(410,548)	
Compensated Absences Payable	<u>(1,684,812)</u>	(5,110,360)
<i>Net Position of Governmental Activities</i>		<u><u>\$ 39,935,389</u></u>

See accompanying notes to the basic financial statements

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CITY OF OBERLIN, OHIO

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

	General	Police-Fire Pension	Income Tax
Revenues:			
Property Taxes	\$ 622,881	\$ 399,303	\$ 0
Municipal Income Tax	6,883,343	0	2,676,992
Intergovernmental Revenues	990,219	0	0
Charges for Services	233,627	0	0
Licenses and Permits	279,267	0	0
Investment Earnings	1,107,292	0	0
Special Assessments	4,304	0	73
Fines and Forfeitures	537,958	0	0
All Other Revenue	1,462,147	0	75,180
Total Revenues	12,121,038	399,303	2,752,245
Expenditures:			
Current:			
Security of Persons and Property	4,527,094	405,349	0
Public Health and Welfare Services	259,985	0	0
Leisure Time Activities	903,400	0	0
Community Environment	711,289	0	0
Basic Utility Services	0	0	0
Transportation	253,559	0	0
General Government	4,493,210	0	0
Capital Outlay	0	0	1,092,994
Debt Service:			
Principal Retirement	0	0	0
Interest & Fiscal Charges	0	0	0
Total Expenditures	11,148,537	405,349	1,092,994
Excess (Deficiency) of Revenues Over Expenditures	972,501	(6,046)	1,659,251
Other Financing Sources (Uses):			
Sale of Capital Assets	24,973	0	0
Transfers In	0	15,866	0
Transfers Out	(195,866)	0	(1,151,935)
Total Other Financing Sources (Uses)	(170,893)	15,866	(1,151,935)
Net Change in Fund Balances	801,608	9,820	507,316
Fund Balance as Previously Presented	10,740,807	0	1,932,374
Change in Financial Reporting Entity (Major/Minor Funds)	0	(7,083)	0
Net Position Beginning of Year, as Adjusted	10,740,807	(7,083)	1,932,374
Increase (Decrease) in Inventory Reserve	3,972	0	0
Fund Balances at End of Year	\$ 11,546,387	\$ 2,737	\$ 2,439,690

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 1,022,184
0	9,560,335
1,023,409	2,013,628
5,884	239,511
0	279,267
3,424	1,110,716
6,935	11,312
67,483	605,441
377,650	1,914,977
<u>1,484,785</u>	<u>16,757,371</u>
169	4,932,612
0	259,985
0	903,400
3,538	714,827
307,454	307,454
606,175	859,734
659,644	5,152,854
1,257,376	2,350,370
667,627	667,627
45,475	45,475
<u>3,547,458</u>	<u>16,194,338</u>
(2,062,673)	563,033
0	24,973
4,899,017	4,914,883
0	(1,347,801)
<u>4,899,017</u>	<u>3,592,055</u>
2,836,344	4,155,088
4,289,306	16,962,487
7,083	0
<u>4,296,389</u>	<u>16,962,487</u>
<u>(23,068)</u>	<u>(19,096)</u>
<u>\$ 7,109,665</u>	<u>\$ 21,098,479</u>

CITY OF OBERLIN, OHIO

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds	\$	4,155,088
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Amounts reported for governmental activities in the statement of activities are different because

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

Capital Outlay	1,889,889	
Depreciation	<u>(2,093,242)</u>	(203,353)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.

(34,065)

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

Delinquent Property Taxes	(28,695)	
Charges for Services	(19,703)	
Special Assessments	2,188	
Settlements	88,014	
Interest	75,071	
Intergovernmental	<u>(10,354)</u>	106,521

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	927,119	
OPEB	<u>9,618</u>	936,737

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	(1,166,584)	
OPEB	<u>13,473</u>	(1,153,111)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds Principal	620,000	
OPWC Loan Principal	<u>47,627</u>	667,627

(Continued)

CITY OF OBERLIN, OHIO

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Accrued Interest Payable		647
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in Supplies Inventory	(19,096)	
Decrease in Compensated Absences Payable	<u>49,273</u>	30,177

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities.

Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.

<u>(5,652)</u>

Change in Net Position of Governmental Activities

<u><u>\$ 4,500,616</u></u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 639,121	\$ 639,121	\$ 622,881	\$ (16,240)
Municipal Income Tax	6,003,000	6,003,000	6,842,676	839,676
Intergovernmental Revenue	896,631	899,431	980,132	80,701
Charges for Services	200,000	200,000	274,480	74,480
Licenses and Permits	264,700	264,700	279,267	14,567
Investment Earnings	641,419	641,419	844,737	203,318
Special Assessments	1,000	1,000	4,304	3,304
Fines and Forfeitures	635,000	635,000	536,384	(98,616)
All Other Revenues	1,110,348	1,110,348	1,277,147	166,799
Total Revenues	10,391,219	10,394,019	11,662,008	1,267,989
Expenditures:				
Current:				
Security of Persons and Property	4,810,577	4,875,736	4,571,468	304,268
Public Health and Welfare Services	270,034	268,533	260,145	8,388
Leisure Time Activities	1,153,086	1,154,586	957,438	197,148
Community Environment	860,526	1,046,358	950,185	96,173
Transportation	268,551	268,551	253,559	14,992
General Government	5,049,239	5,064,236	4,395,709	668,527
Total Expenditures	12,412,013	12,678,000	11,388,504	1,289,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,020,794)	(2,283,981)	273,504	2,557,485
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	24,973	24,973
Transfers In	12,739	12,739	0	(12,739)
Transfers Out	(195,866)	(195,866)	(195,866)	0
Advances In	250,000	250,000	36,300	(213,700)
Advances Out	(250,000)	(250,000)	(29,365)	220,635
Total Other Financing Sources (Uses):	(183,127)	(183,127)	(163,958)	19,169
Net Change In Fund Balance	(2,203,921)	(2,467,108)	109,546	2,576,654
Fund Balance at Beginning of Year	8,644,399	8,644,399	8,644,399	0
Prior Year Encumbrances	595,799	595,799	595,799	0
Fund Balance at End of Year	\$ 7,036,277	\$ 6,773,090	\$ 9,349,744	\$ 2,576,654

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund - Police-Fire Pension Fund
For The Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 409,457	\$ 409,457	\$ 399,303	\$ (10,154)
Total Revenues	409,457	409,457	399,303	(10,154)
Expenditures:				
Current:				
Security of Persons and Property	456,049	462,049	416,097	45,952
Total Expenditures	456,049	462,049	416,097	45,952
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,592)	(52,592)	(16,794)	35,798
Other Financing Sources (Uses):				
Transfers In	15,866	15,866	15,866	0
Total Other Financing Sources (Uses):	15,866	15,866	15,866	0
Net Change In Fund Balance	(30,726)	(36,726)	(928)	35,798
Fund Balance at Beginning of Year	37,510	37,510	37,510	0
Fund Balance at End of Year	\$ 6,784	\$ 784	\$ 36,582	\$ 35,798

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Statement of Net Position Proprietary Funds December 31, 2024

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	Electric	Refuse
Assets:				
<i>Current Assets:</i>				
Equity in Pooled Cash and Investments	\$ 1,582,482	\$ 2,647,321	\$ 10,759,093	\$ 1,394,968
Receivables:				
Taxes	0	0	0	405,770
Accounts	189,548	135,875	1,252,337	88,889
Intergovernmental	0	0	0	16,837
Special Assessments	857	1,059	0	0
Inventory of Supplies at Cost	33,793	4,750	623,196	0
Prepaid Items	10,019	8,536	26,447	3,718
<i>Total Current Assets</i>	<u>1,816,699</u>	<u>2,797,541</u>	<u>12,661,073</u>	<u>1,910,182</u>
<i>Non Current Assets:</i>				
Capital Assets, Net	9,908,307	7,744,592	11,083,713	750,458
Investment in Joint Venture	0	0	99,190	0
Net OPEB Asset	39,069	31,101	74,808	10,419
Total Assets	<u>11,764,075</u>	<u>10,573,234</u>	<u>23,918,784</u>	<u>2,671,059</u>
Deferred Outflows of Resources:				
Pension	346,927	275,010	663,011	92,315
OPEB	33,522	26,685	64,186	8,943
Total Deferred Outflows of Resources	<u>380,449</u>	<u>301,695</u>	<u>727,197</u>	<u>101,258</u>
Liabilities:				
<i>Current Liabilities:</i>				
Accounts Payable	42,384	52,750	227,926	43,831
Accrued Wages and Benefits	29,692	24,237	54,086	13,067
Compensated Absences Payable - Current	122,732	78,856	144,710	60,085
Ohio Water Development Authority Loans - Current	269,193	0	0	0
<i>Total Current Liabilities</i>	<u>464,001</u>	<u>155,843</u>	<u>426,722</u>	<u>116,983</u>
<i>Long Term Liabilities:</i>				
Compensated Absences Payable	227,816	96,170	22,392	115,800
Net Pension Liability	1,113,559	886,469	2,132,219	297,066
OWDA Loans Payable	1,131,981	0	0	0
Total Liabilities	<u>2,937,357</u>	<u>1,138,482</u>	<u>2,581,333</u>	<u>529,849</u>

CITY OF OBERLIN, OHIO

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
\$ 1,423,155	\$ 108,023	\$ 17,915,042	\$ 171,439
0	0	405,770	0
0	3,796	1,670,445	0
0	0	16,837	0
302	0	2,218	0
0	0	661,739	0
1,185	0	49,905	814
1,424,642	111,819	20,721,956	172,253
2,202,284	0	31,689,354	2,445,822
0	0	99,190	0
6,779	0	162,176	6,827
3,633,705	111,819	52,672,676	2,624,902
60,181	0	1,437,444	60,323
5,815	0	139,151	5,858
65,996	0	1,576,595	66,181
1,073	0	367,964	28,913
1,413	0	122,495	5,721
0	0	406,383	8,733
0	0	269,193	0
2,486	0	1,166,035	43,367
0	0	462,178	16,748
193,172	0	4,622,485	194,597
0	0	1,131,981	0
195,658	0	7,382,679	254,712

(Continued)

CITY OF OBERLIN, OHIO

Statement of Net Position Proprietary Funds December 31, 2024

	Business-Type Activities			
	Enterprise Funds			
	Water	Sewer	Electric	Refuse
Deferred Inflows of Resources:				
Property Tax for Next Fiscal Year	0	0	0	374,938
Pension	7,232	6,053	14,585	2,051
OPEB	22,356	17,796	42,806	5,963
Total Deferred Inflows of Resources	29,588	23,849	57,391	382,952
Net Position:				
Net Investment in Capital Assets	8,507,133	7,744,592	10,917,764	750,458
Unrestricted	670,446	1,968,006	11,089,493	1,109,058
Total Net Position	\$ 9,177,579	\$ 9,712,598	\$ 22,007,257	\$ 1,859,516

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
0	0	374,938	0
1,280	0	31,201	1,384
3,879	0	92,800	3,906
5,159	0	498,939	5,290
2,202,284	0	30,122,231	2,445,822
1,296,600	111,819	16,245,422	(14,741)
\$ 3,498,884	\$ 111,819	46,367,653	\$ 2,431,081
		1,087,776	
		\$ 47,455,429	

CITY OF OBERLIN, OHIO

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

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
Operating Revenues:				
Charges for Services	2,344,454	1,832,590	16,491,121	1,057,217
Other Operating Revenue	4,008	2,944	8,057	758
Total Operating Revenues	2,348,462	1,835,534	16,499,178	1,057,975
Operating Expenses:				
Personal Services	1,301,314	1,011,126	3,011,779	412,962
Contractual Services	615,380	1,141,359	1,294,387	468,191
Materials and Supplies	216,762	54,597	23,560	0
Purchased Power	0	0	9,374,240	0
Depreciation	246,195	632,546	628,167	88,115
Total Operating Expenses	2,379,651	2,839,628	14,332,133	969,268
Operating Income (Loss)	(31,189)	(1,004,094)	2,167,045	88,707
Nonoperating Revenues (Expenses):				
Property Taxes	0	0	0	377,702
Interest Expense	(31,988)	0	0	0
Sale of Capital Assets	0	2,775	0	0
Gain (Loss) on Investment in Joint Venture	0	0	(34,237)	0
Total Nonoperating Revenues (Expenses)	(31,988)	2,775	(34,237)	377,702
Income (Loss) Before Transfers	(63,177)	(1,001,319)	2,132,808	466,409
Transfers Out	0	(20,994)	(3,200,000)	(343,088)
Change in Net Position	(63,177)	(1,022,313)	(1,067,192)	123,321
Net Position as Previously Reported	9,456,968	10,781,258	22,923,853	1,867,788
Change in Accounting Principle (GASB Statement 101)	(216,212)	(46,347)	150,596	(131,593)
Net Position Beginning of Year, as Restated	9,240,756	10,734,911	23,074,449	1,736,195
Net Position End of Year	<u>\$ 9,177,579</u>	<u>\$ 9,712,598</u>	<u>\$ 22,007,257</u>	<u>\$ 1,859,516</u>

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal
service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
395,936	15,634	22,136,952	631,788
2,805	0	18,572	0
398,741	15,634	22,155,524	631,788
186,115	0	5,923,296	180,835
130,879	36,489	3,686,685	177,523
214	0	295,133	177,047
0	0	9,374,240	0
65,093	0	1,660,116	112,092
382,301	36,489	20,939,470	647,497
16,440	(20,855)	1,216,054	(15,709)
0	0	377,702	0
0	0	(31,988)	0
0	0	2,775	0
0	0	(34,237)	0
0	0	314,252	0
16,440	(20,855)	1,530,306	(15,709)
0	0	(3,564,082)	(3,000)
16,440	(20,855)	(2,033,776)	(18,709)
3,493,475	132,674	48,656,016	2,449,372
(11,031)	0	(254,587)	418
3,482,444	132,674	48,401,429	2,449,790
\$ 3,498,884	\$ 111,819	46,367,653	\$ 2,431,081
		(2,033,776)	
		(13,058)	
		\$ (2,046,834)	

CITY OF OBERLIN, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$2,332,248	\$1,836,520	\$16,337,481	\$1,059,100
Cash Payments for Goods and Services	(806,643)	(1,167,598)	(10,846,904)	(439,157)
Cash Payments to Employees	(1,240,094)	(998,437)	(2,972,606)	(393,764)
Net Cash Provided (Used) for Operating Activities	285,511	(329,515)	2,517,971	226,179
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	0	0	0
Transfers Out to Other Funds	0	(20,994)	(3,200,000)	(343,088)
Receipts of Property Taxes	0	0	0	378,157
Net Cash Provided (Used) for Noncapital Financing Activities	0	(20,994)	(3,200,000)	35,069
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(36,445)	(524,333)	(820,745)	0
Sale of Capital Assets	0	2,775	0	0
Capital Contributions	370	457	0	0
Principal Paid on Ohio Water Development Authority Loans	(263,889)	0	0	0
Interest Paid on All Debt	(31,988)	0	0	0
Net Cash Provided (Used) for Capital and Related Financing Activities	(331,952)	(521,101)	(820,745)	0
Net Increase (Decrease) in Cash and Cash Equivalents	(46,441)	(871,610)	(1,502,774)	261,248
Cash and Cash Equivalents at Beginning of Year	1,628,923	3,518,931	12,261,867	1,133,720
Cash and Cash Equivalents at End of Year	<u>\$1,582,482</u>	<u>\$2,647,321</u>	<u>\$10,759,093</u>	<u>\$1,394,968</u>

CITY OF OBERLIN, OHIO

Storm Water	Other Enterprise	Total	Governmental Activities - Internal Service Funds
\$398,741	\$15,967	\$21,980,057	\$631,788
(128,647)	(36,974)	(13,425,923)	(355,383)
(191,414)	0	(5,796,315)	(183,538)
78,680	(21,007)	2,757,819	92,867
0	0	0	0
0	0	(3,564,082)	(3,000)
0	0	378,157	0
0	0	(3,185,925)	(3,000)
0	0	(1,381,523)	(56,534)
0	0	2,775	0
131	0	958	0
0	0	(263,889)	0
0	0	(31,988)	0
131	0	(1,673,667)	(56,534)
78,811	(21,007)	(2,101,773)	33,333
1,344,344	129,030	20,016,815	138,106
<u>\$1,423,155</u>	<u>\$108,023</u>	<u>\$17,915,042</u>	<u>\$171,439</u>

(Continued)

CITY OF OBERLIN, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2024

	Business-Type Activities Enterprise Funds			
	Water	Sewer	Electric	Refuse
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) for Operating Activities:</u>				
Operating Income (Loss)	(\$31,189)	(\$1,004,094)	2,167,045	\$88,707
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:				
Depreciation Expense	246,195	632,546	628,167	88,115
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	(16,214)	986	(161,697)	1,125
Decrease (Increase) in Inventory	(5,747)	2,430	(92,396)	0
Decrease in Prepaid Items	7,946	6,087	15,148	2,014
Decrease in Deferred Outflows of Resources	198,429	181,902	439,024	62,498
Increase (Decrease) in Accounts Payable	23,836	20,611	(76,234)	27,009
Increase (Decrease) in Accrued Wages and Benefits	4,335	586	8,201	5,592
Increase in Net OPEB Asset	(39,069)	(31,101)	(74,808)	(10,419)
Decrease in Net Pension Liability	(81,114)	(114,062)	(277,444)	(41,408)
Decrease in Net OPEB Liability	(26,152)	(21,903)	(52,751)	(7,413)
Decrease in Deferred Inflows of Resources	(2,994)	(3,434)	(8,325)	(1,218)
Increase (Decrease) in Compensated Absences	7,249	(69)	4,041	11,577
Total Adjustments	<u>316,700</u>	<u>674,579</u>	<u>350,926</u>	<u>137,472</u>
Net Cash Provided (Used) for Operating Activities	<u>\$285,511</u>	<u>(\$329,515)</u>	<u>\$2,517,971</u>	<u>\$226,179</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2024, the Electric Fund had outstanding liabilities of \$165,949 for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

			Governmental
			Activities -
			Internal Service
Storm	Other		Funds
Water	Enterprise	Total	
\$16,440	(\$20,855)	\$1,216,054	(\$15,709)
65,093	0	1,660,116	112,092
0	333	(175,467)	0
0	0	(95,713)	0
1,373	0	32,568	1,326
36,568	0	918,421	44,147
1,073	(485)	(4,190)	(2,003)
(306)	0	18,408	353
(6,779)	0	(162,176)	(6,827)
(18,506)	0	(532,534)	(33,755)
(4,632)	0	(112,851)	(4,999)
(613)	0	(16,584)	(939)
(11,031)	0	11,767	(819)
62,240	(152)	1,541,765	108,576
\$78,680	(\$21,007)	\$2,757,819	\$92,867

CITY OF OBERLIN, OHIO

Statement of Net Position Fiduciary Funds December 31, 2024

	<u>Custodial Funds</u>
Assets:	
Cash and Cash Equivalents	\$ 171,512
Receivables:	
Taxes	1,011,250
Intergovernmental	<u>45,470</u>
Total Assets	<u><u>\$ 1,228,232</u></u>
Liabilities:	
Intergovernmental Payable	<u>1,228,232</u>
Total Liabilities	<u><u>\$ 1,228,232</u></u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

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

	<u>Custodial Funds</u>
Additions:	
Contributions:	
Property Taxes Collected for Distribution	\$ 1,002,422
Intergovernmental Revenues Collected for Distribution	45,470
Fines, Licenses and Permits for Distribution	1,827,016
Deposits Received	<u>3,406</u>
Total Additions	<u>2,878,314</u>
Deductions:	
Distributions to Other Governments	<u>2,878,314</u>
Total Deductions	<u>2,878,314</u>
Net Change in Fiduciary Net Position	0
Net Position at Beginning of Year	<u>0</u>
Net Position End of Year	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City gained city status in 1951 and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-city manager form of government and provides the following services as authorized by the charter: public safety, public services, public utilities and recreation. Educational services are provided by the Oberlin School District. The school district is a separate governmental entity and its financial statements are not included in these financial statements. The City of Oberlin Municipal Court financial results are included as a part of these financial statements.

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system, a wastewater treatment and collection system, an electric distribution system, provides cable programming and provides refuse collection services, all of which are reported as enterprise funds.

1. Joint Ventures with Equity Interest

Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) - The City is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. The Omega JV-2 was created for that purpose. The Omega JV-2 is managed by AMP which acts as the joint venture's agent. See Note 20 "Joint Ventures."

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

1. Joint Ventures with Equity Interest (Continued)

Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) - The City is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Omega JV-5 was created for that purpose. See Note 20 "Joint Ventures."

Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) - The City is a participant with ten subdivisions within the State of Ohio in a distributive generation project using wind turbine technology. The Omega JV-6 was created for that purpose. See Note 20 "Joint Ventures."

B. Basis of Presentation - Fund Accounting

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

Governmental Funds

Governmental Funds - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those 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 limitations of the City Charter.

Income Tax Fund - To account for financial resources committed for the major capital projects undertaken by the City.

Police-Fire Pension Fund - To account for financial resources used for contributions to the City's police and fire pension accounts.

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Electric Fund – To account for the operation of the City's electric generation and distribution service.

Refuse Fund – To account for the operation of the City's trash collection service.

Storm Water Fund – To account for the operation of the City's storm water service.

The other enterprise fund of the City accounts for the operation of the City's cable programming service.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has two internal service funds, the Garage Fund and the Office Supplies Fund. The Garage Fund is used to account for monies received from city departments to cover the cost of servicing the vehicles of the City departments. The Office Supplies Fund is used to account for monies used to purchase office supplies used by City departments.

Fiduciary Funds

Custodial Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary funds are custodial funds. These funds operate on a full accrual basis of accounting. The City has three custodial funds. The three funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Library Levy Fund, which accounts for property taxes collected to fund the operations of the Library, and the Ohio Board of Building Standards Assessment Fund, which accounts for assessed funds as required by the Ohio Revised Code.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service funds are eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2024, but which are not intended to finance 2024 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6 “Taxes”.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 12 and 13)

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The only funds required to be reported in the basic financial statements are the general fund and any major special revenue funds. The primary level of budgetary control is between categories within each department. Budgetary modifications may be made between categories by ordinance of the City Council.

1. Tax Budget

The Director of Finance and the City Manager submit an annual tax budget for the following fiscal year to City Council by July 15 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.

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2024.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund and category level, the legal level of control. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among fund and category level may be modified during the year by an ordinance of City Council. During 2024, several supplemental appropriations were necessary to budget the use of contingency funds, intergovernmental grant proceeds and capital improvement projects. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual—(Non-GAAP Budgetary Basis) General and Sustainable Reserve Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported in the fund balances for governmental funds in the accompanying basic financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Net Change In Fund Balance	
	General Fund	Police-Fire Pension Fund
GAAP Basis (as reported)	\$801,608	\$9,820
Increase (Decrease):		
Accrued Revenues at		
December 31, 2024		
received during 2025	(1,487,054)	0
Accrued Revenues at		
December 31, 2023		
received during 2024	1,492,823	0
Accrued Expenditures at		
December 31, 2024		
paid during 2025	283,686	33,845
Accrued Expenditures at		
December 31, 2023		
paid during 2024	(310,123)	(44,593)
2024 Prepays for 2025	(110,592)	0
2023 Prepays for 2024	125,983	0
2024 Adjustment to Fair Value	444,141	0
2023 Adjustment to Fair Value	(717,005)	0
Outstanding Encumbrances	(488,518)	0
Perspective Difference:		
Activity of Funds Reclassified		
for GAAP Reporting Purposes	74,597	0
Budget Basis	\$109,546	(\$928)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, repurchase agreements, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. The STAR Ohio is considered an investment for purposes of GASB Statement No. 3, but it is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application," the City records all its investments at fair value except for nonparticipating investment contracts which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. See Note 5, "Cash, Cash Equivalents and Investments."

During 2024, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the fund financial statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”, have been reported.

Contributed capital assets are recorded at acquisition value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

2. Property, Plant and Equipment – Business Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	25 - 40
Improvements other than Buildings/Infrastructure	10 - 50
Vehicles	5 - 10
Machinery, Equipment, Furniture and Fixtures	5 - 20

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund
OPWC Loans	Income Tax Fund General Obligation Bond Retirement Fund
OWDA Loans	Water Fund Sewer Fund
Compensated Absences	General Fund Street Construction, Maintenance, and Repair Fund County Recycling Fund Electric Fund Water Fund Sewer Fund Refuse Fund Garage Fund
Pension/OPEB Liabilities	General Fund Electric Fund Water Fund Sewer Fund Refuse Fund Storm Water Fund Garage Fund

L. Compensated Absences

Each bargaining unit and the management staff earn vacation at different rates based upon length of service. No more than the amount of vacation accrued in the previous twelve month period can be carried forward into the next calendar year without consent from the appropriate authority. Any excess is eliminated from the employee's leave balance. In case of death, termination, or retirement, an employee or his estate is paid for the unused vacation balance.

All full-time employees earn sick leave at the rate of 4.6 hours for each pay period worked. Employees who work a 35 hour work week can accumulate a maximum of 210 hours of accrued sick time. Employees working a 37.5 hour work week accumulate a maximum sick pay accrual of 225 hours and employees working a 40 hour work week can accumulate a maximum accumulated sick leave balance of 240 hours.

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government-wide statement of net position, "Compensated Absences Payable" is recorded within the "Due Within One Year" account and the long-term portion of the liability is recorded within the "Due in More Than One Year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow 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 there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

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

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balances (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

O. Pensions/Other Postemployment Benefits (OPEB)

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

P. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, collection of solid waste refuse, electric production and distribution and cable programming. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

T. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET POSITION

A. Change in Accounting Principles

For 2024 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, “Accounting Changes and Error Corrections” and Statement No. 101, “Compensated Absences.”

GASB Statement No. 100 addresses accounting and financial reporting requirements for accounting changes and error corrections.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences.

The implementation of Statement 100 had no effect on beginning net position/fund balance. For fiscal year 2024, the Police-Fire Pension Fund presentation was adjusted from nonmajor to major due to the fund meeting the quantitative threshold for a major fund.

B. Restatement of Net Position

Certain adjustments were necessary to beginning of year net position to implement GASB Statement No. 101 updating the recognition and measurement guidance for compensated absences.

This implementation had the following effect on net position as reported December 31, 2023:

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund	Electric Fund	Refuse Fund	Storm Water Fund	Garage Fund	Other Governmental Funds	Police- Fire Pension Fund
Net Position December 31, 2023, as Reported	\$35,720,113	\$49,756,662	\$9,456,968	\$10,781,258	\$22,923,853	\$1,867,788	\$3,493,475	\$2,449,372	\$4,289,306	\$0
Adjustments:										
Change in Financial Reporting Entity Nonmajor Funds to Major	0	0	0	0	0	0	0	0	7,083	(7,083)
Implementation of GASB 101	(285,340)	(254,399)	(216,212)	(46,347)	150,596	(131,593)	(11,031)	418	0	0
Restated Net Position December 31, 2023	\$35,434,773	\$49,502,263	\$9,240,756	\$10,734,911	\$23,074,449	\$1,736,195	\$3,482,444	\$2,449,790	\$4,296,389	(\$7,083)

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The fund deficits at December 31, 2024 of \$2,506 in the EMS Grant Fund (special revenue fund) and \$26,859 in the Sidewalk Improvement Fund (capital improvement fund) arise from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 4 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, 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 all other governmental funds are presented below:

Fund Balances	General Fund	Police-Fire Pension Fund	Income Tax Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Principal	\$0	\$0	\$0	\$27,259	\$27,259
Prepaid Items	110,592	0	0	49,650	160,242
Supplies Inventory	14,865	0	0	74,680	89,545
Total Nonspendable	125,457	0	0	151,589	277,046
Restricted:					
Street Maintenance	0	0	0	107,972	107,972
State Highway Improvements	0	0	0	52,155	52,155
Library	0	0	0	9,717	9,717
County Recycling	0	0	0	69,212	69,212
State Recycling	0	0	0	5,420	5,420
CDBG Grant	0	0	0	86,938	86,938
Community Housing	0	0	0	14,058	14,058
DARE Grant	0	0	0	5,240	5,240
Police/Fire Pension	0	2,737	0	0	2,737
Home RLF	0	0	0	62,425	62,425
DARE Trust	0	0	0	62,500	62,500
TIF East College Street	0	0	0	569,704	569,704
Indigent Alcohol Treatment	0	0	0	15,312	15,312
Indigent Interlock Monitor	0	0	0	71,960	71,960
Special Assessment Bond Retirement	0	0	0	275,490	275,490
Gasholder Renovation	0	0	0	5,346	5,346
Court Improvement/Computer	0	0	0	1,046,503	1,046,503
Clerk of Court Computer	0	0	0	77,917	77,917
OPWC Grants	0	0	0	88,430	88,430
Total Restricted	0	2,737	0	2,626,299	2,629,036
Committed:					
Vacation and Sick Leave	737,438	0	0	0	737,438
Sustainable Reserve	0	0	0	3,705,457	3,705,457
Capital Improvements	0	0	2,439,690	0	2,439,690
War Memorial	0	0	0	6,778	6,778
Utility Caring	0	0	0	42,115	42,115
Open Space	0	0	0	16,118	16,118
Subdivision	0	0	0	13,657	13,657
Parks	0	0	0	2,466	2,466
Equipment Replacement	0	0	0	568,500	568,500
Utility Deposit	0	0	0	4,520	4,520
Total Committed	737,438	0	2,439,690	4,359,611	7,536,739
Assigned:					
Purchase Orders for Supplies and Services	485,074	0	0	0	485,074
Budget Resource	1,969,104	0	0	0	1,969,104
Debt Service	0	0	0	1,531	1,531
Total Assigned	2,454,178	0	0	1,531	2,455,709
Unassigned	8,229,314	0	0	(29,365)	8,199,949
Total Fund Balances	\$11,546,387	\$2,737	\$2,439,690	\$7,109,665	\$21,098,479

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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;
- 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, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

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

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

All of the City's financial institutions have enrolled in OPCS as of December 31, 2024.

At year end the carrying amount of the City's deposits was \$3,753,681 and the bank balance was \$4,007,709. Federal depository insurance covered \$315,624 of the bank balance and \$3,692,085 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2024 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
STAR Ohio *	\$1,244,875	AAAm	N/A	\$1,244,875	\$0	\$0
FNMA	1,676,581	AAA ¹ / Aaa ²	Level 2	1,676,581	0	0
FFCB	7,195,677	AAA ¹ / Aaa ²	Level 2	1,579,046	1,510,448	4,106,183
U.S. Treasury Note	13,622,412	N/A	Level 2	511,361	9,581,704	3,529,347
U.S. Treasury Bond	3,327,381	N/A	Level 2	2,408,644	918,737	0
FHLB	3,134,417	AAA ¹ / Aaa ²	Level 2	518,842	991,643	1,623,932
Money Market Mutual Fund	139,448	AAA ¹ / Aaa ²	Level 2	139,448	0	0
Negotiable CD's	4,047,683	N/A		2,384,231	1,663,452	0
Total Investments	<u>\$34,388,474</u>			<u>\$10,463,028</u>	<u>\$14,665,984</u>	<u>\$9,259,462</u>

¹ Standard & Poor's

² Moody's Investor Service

* Star Ohio is reported at its share price (Net asset value per share)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The City's investment in Star Ohio was rated AAAm¹ by Standard & Poor's.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the combined financial statements and the classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Financial Statements	\$38,142,155	\$0
Investments:		
Investments (Other)	(33,143,599)	33,143,599
STAR Ohio	<u>(1,244,875)</u>	<u>1,244,875</u>
Per GASB Statement No. 3	<u>\$3,753,681</u>	<u>\$34,388,474</u>

* Includes cash on hand.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2024 were levied after October 1, 2023, on assessed values as of January 1, 2023, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2024. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The Lorain County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Oberlin. The County Auditor periodically remits to the City its portion of the taxes collected.

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for the City's operations for the year ended December 31, 2024 was \$9.74 per \$1,000 of assessed value. The assessed value upon which the 2024 receipts were based was \$161,203,540. This amount constitutes \$157,592,310 in real property assessed value and \$3,611,230 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .974% (9.74 mills) of assessed value.

B. Income Tax

The City levies a tax of 2.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 2.5% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 7 – TAX ABATEMENT DISCLOSURES

As of December 31, 2024, the City provides tax incentives under various programs as follows:

A. Tax Increment Financing

Pursuant to Ohio Revised Code Chapter 5709, the City established an Incentive District to pay for public improvements funded through Tax Increment Financing (TIF). One TIF was approved in 2005, TIF proceeds began in 2011. The incremental increase in property value from the mixed use development was nearly \$10 million. The City also entered into an agreement with the School District to pay, from the TIF proceeds, 50% of what they would have received for the improvements without the TIF. The TIF was established for a term of 19 years with 100% exemption on the incremental property value. The TIF is active and in compliance. Although the TIF is scheduled to end by 2029, for the related public improvements, the last year of the debt service was accelerated in 2021, the City paid the remaining debt balance in 2021 with funds accumulated in the TIF fund through 2021. Remaining TIF proceeds will be used for prior and future public improvements in the TIF district. In 2024 TIF Proceeds were \$226,400 and expenses included \$4,049 in county collection costs and \$56,742 payment to the school district leaving a net balance of \$165,609 for the year and \$569,704 cumulative year-end balance.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 – TAX ABATEMENT DISCLOSURES (Continued)

B. Economic Development Incentive

The City of Oberlin established an Economic Development Business Incentive Program, also referred to as the Oberlin Business Incentive Program (OBIP), to provide incentives to businesses moving into the City of Oberlin or expanding in the City and creating jobs. The incentive is based on total jobs and payroll dollars added in the City. The incentive is made of two components, one is an upfront incentive, not to exceed \$10,000, based on projected new or expanded payrolls. A claw back provision is part of the upfront incentive to ensure performance. The second component is funded with non-tax dollars, if available, and would provide an annual incentive in the amount of up-to 50% of the income taxes collected from withholdings and net profits. This component is based on a contract that includes maintaining certain full-time equivalent jobs within the City and minimum payroll levels. Since the inception of this program, we have received five applications. All were approved by the City Manager in accordance with the legislation creating the program and memorialized by an agreement between the City and the Company. Monitoring of the agreements is handled by the Finance Office. One of the companies was terminated for noncompliance in 2019 (Greenfield Solar). The second company reached the end of their agreement, with a final payment in 2019. A third agreement was approved in late 2019 for PartnerShip, LLC, a company who was supposed to move their 66 employees to Oberlin. However, because of the impact of the COVID pandemic on their business, PartnerShip requested cancellation of their incentive agreement. Prior to any payments to the company, the City granted the cancellation. They did not receive the one-time upfront incentive, therefore, there was no need to claw back any one-time incentive payment. A fourth agreement was approved in 2021 for Bistro Bella Luna, LLC, this agreement consisted of only an upfront incentive of \$4,000, and no on-going financial incentive. A fifth agreement was approved in 2022 for Alternate Plan, Inc. for a one-time upfront incentive of \$4,000 and no on-going incentive. A sixth agreement was approved in 2023 for Haven Brewing, LLC for a one-time upfront incentive of \$6,000 and no on-going incentive. The agreements with ongoing incentives have caps on their incentives of \$50,000 each, per year, as well as caps on their incentive periods of no more than 10 years.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 – TAX ABATEMENT DISCLOSURES (Continued)

C. Community Reinvestment Area

The City of Oberlin established a Community Reinvestment Area (CRA) on August 8, 2003 by Ordinance No. 03-51 in accordance with Ohio Revised Code 3735.65-3735.70. The CRA has no expiration date although the City Council reserves the right to re-evaluate the CRA on an annual basis. The CRA was certified by the State of Ohio on October 28, 2003. Terms of abatement for commercial and industrial projects are negotiated on a case-by-case basis. Residential projects are 50% for 10 years for new construction or remodeling of dwellings containing not more than 2 housing units, provided that the cost of construction or remodeling is at least \$2,500. 50% for 10 years for new construction or remodeling of dwellings containing more than 2 housing units and fewer than 6 units, provided that the cost of construction or remodeling is at least \$5,000. The City has no property tax exemptions currently in place under the CRA.

D. Enterprise Zone

The City of Oberlin established an Enterprise Zone in 1991 pursuant to Ohio Revised Code Section 5709, and affirmed by the Lorain County Commissioners and the State Department of Development. The City has two Enterprise Zone tax exemption agreements in place for the same company that exempt 75% of the property taxes for 10 years. The first agreement done in 2015 was for two building additions where the actual investment was \$1.48 million. Associated construction began prior to July 2015 and it was completed by December 2016. In return, the company agreed to retain their current 25 full-time jobs and create 8 new full-time jobs, which they have already done. The new positions have created \$197,000 in new payroll. The new positions were to be created within 3 years of the project completion. The second agreement done in 2017 was for a building addition valued between \$630,000 and \$820,000. This addition was completed in May of 2018. For this project, the company agreed to retain its 37 full-time jobs and create 3 additional full-time jobs, which they have already done. The new jobs created approximately \$150,000 in new payroll. These new positions also were to be created within 3 years of project completion. The Oberlin School District and the Lorain County Joint Vocational School were notified of both exemption applications and were provided copies in accordance with Revised Code Section 5709.83. The County Tax Incentive Review Council annually monitors the performance of any Enterprise Zone tax exemptions. In 2016 no taxes were exempted. The abatement began for the first agreement in 2017. The abatement for the second agreement began in 2019.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 8 - RECEIVABLES

Receivables at December 31, 2024 consisted of taxes, interest, accounts receivable, interfund loans, loans, leases, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 9 - INTERFUND BALANCES

Individual interfund balances at December 31, 2024 that are expected to be paid within one year are as follows:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
Governmental Funds:		
General Fund	\$29,365	\$0
EMS Grant Fund	0	2,506
Sidewalk Improvement Fund	0	26,859
Totals	<u>\$29,365</u>	<u>\$29,365</u>

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 10 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2024:

	Transfers Out:						Total
	General Fund	Income Tax Fund	Internal Service Fund	Sewer Fund	Electric Fund	Refuse Fund	
Transfers In:							
Other Governmental Funds	\$195,866	\$1,151,935	\$3,000	\$20,994	\$3,200,000	\$343,088	\$4,914,883

Transfers are used to (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them; (3) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (4) for capital purchases authorized by council; and (5) move revenues to the Equipment Replacement Fund.

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2024:

Historical Cost:

Class	December 31, 2023	Transfers	Additions	Deletions	December 31, 2024
Capital assets not being depreciated:					
Land	\$5,730,930	\$0	\$45,250	\$0	\$5,776,180
Construction in Progress	499,988	0	1,382,326	(716,085)	1,166,229
Subtotal	6,230,918	0	1,427,576	(716,085)	6,942,409
Capital assets being depreciated:					
Buildings	17,525,388	0	15,325	0	17,540,713
Improvements Other than Buildings	1,644,317	0	37,000	0	1,681,317
Machinery and Equipment	9,612,568	(26,380)	496,101	(181,128)	9,901,161
Infrastructure	39,899,416	0	686,506	(136,113)	40,449,809
Subtotal	68,681,689	(26,380)	1,234,932	(317,241)	69,573,000
Total Cost	\$74,912,607	(\$26,380)	\$2,662,508	(\$1,033,326)	\$76,515,409

Accumulated Depreciation:

Class	December 31, 2023	Transfers	Additions	Deletions	December 31, 2024
** Buildings	(\$6,378,144)	\$0	(\$451,804)	\$0	(\$6,829,948)
** Improvements Other than Buildings	(613,945)	0	(79,446)	0	(693,391)
** Machinery and Equipment	(6,077,181)	26,380	(650,222)	166,508	(6,534,515)
Infrastructure	(27,956,438)	0	(1,023,862)	116,668	(28,863,632)
Total Depreciation	(\$41,025,708)	\$26,380	(\$2,205,334) *	\$283,176	(\$42,921,486)
Net Value:	\$33,886,899				\$33,593,923

** Changes have been made to classifications.

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$601,478
Public Health and Welfare Services	66,560
Leisure Time Activities	259,862
Community Development	19,542
Basic Utility Services	19,750
Transportation	1,088,521
General Government	37,529
Total Depreciation Expense recorded within the Governmental Activities	2,093,242
Amount of Depreciation Expense recorded in the Internal Service Fund	112,092
Total Depreciation Expense	<u>\$2,205,334</u>

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets at December 31, 2024:

Historical Cost:

Class	December 31, 2023	Transfers	Additions	Deletions	December 31, 2024
<i>Capital assets not being depreciated:</i>					
Land	\$750,508	\$0	\$0	\$0	\$750,508
Construction in Progress	1,425,903	0	1,565,075	(1,875,610)	1,115,368
Subtotal	2,176,411	0	1,565,075	(1,875,610)	1,865,876
<i>Capital assets being depreciated:</i>					
Buildings	15,420,012	0	852,803	0	16,272,815
Infrastructure	20,153,256	0	0	0	20,153,256
Improvements Other than Buildings	3,693,577	0	75,840	0	3,769,417
Machinery and Equipment	24,908,965	26,380	668,383	(24,500)	25,579,228
Subtotal	64,175,810	26,380	1,597,026	(24,500)	65,774,716
Total Cost	\$66,352,221	\$26,380	\$3,162,101	(\$1,900,110)	\$67,640,592

Accumulated Depreciation:

Class	December 31, 2023	Transfers	Additions	Deletions	December 31, 2024
Buildings	(\$5,089,334)	\$0	(\$464,159)	\$0	(\$5,553,493)
Infrastructure	(5,563,583)	0	(229,824)	0	(5,793,407)
Improvements Other than Buildings	(1,504,388)	0	(187,375)	0	(1,691,763)
Machinery and Equipment	(22,131,937)	(26,380)	(778,758)	24,500	(22,912,575)
Total Depreciation	(\$34,289,242)	(\$26,380)	(\$1,660,116)	\$24,500	(\$35,951,238)
<i>Net Value:</i>	\$32,062,979				\$31,689,354

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement. Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$983,355 for 2024.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$389,127 for 2024.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$10,636,050	\$6,489,008	\$17,125,058
Proportion of the Net Pension Liability-2024	0.040626%	0.067164%	
Proportion of the Net Pension Liability-2023	0.040733%	0.066106%	
Percentage Change	<u>(0.000107%)</u>	<u>0.001059%</u>	
Pension Expense	\$1,069,086	\$621,879	\$1,690,965

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – 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
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$410,097	\$410,097
Differences between expected and actual experience	173,838	208,318	382,156
Net difference between projected and actual earnings on pension plan investments	2,146,808	735,337	2,882,145
Change in proportionate share	0	185,017	185,017
City contributions subsequent to the measurement date	983,355	389,127	1,372,482
Total Deferred Outflows of Resources	<u>\$3,304,001</u>	<u>\$1,927,896</u>	<u>\$5,231,897</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$98,544	\$98,544
Differences between expected and actual experience	0	72,573	72,573
Change in proportionate share	72,830	265,813	338,643
Total Deferred Inflows of Resources	<u>\$72,830</u>	<u>\$436,930</u>	<u>\$509,760</u>

\$1,372,482 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2025	\$463,623	\$295,109	\$758,732
2026	719,918	332,513	1,052,431
2027	1,369,973	491,175	1,861,148
2028	(305,698)	(60,844)	(366,542)
2029	0	43,004	43,004
2030	0	882	882
Total	<u>\$2,247,816</u>	<u>\$1,101,839</u>	<u>\$3,349,655</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2023 and December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2023
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	2.3 percent, simple through 2024, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2022
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3.0 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – 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 real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$16,744,006	\$10,636,050	\$5,556,012

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF'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 OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2023, compared with January 1, 2022, are presented below.

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

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

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

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

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 – DEFINED BENEFIT PENSION 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 pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected 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:

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

Note: Assumptions are geometric.

* levered 2.0x

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

CITY OF OBERLIN, OHIO

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

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2023, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2022 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$8,595,174	\$6,489,008	\$4,737,526

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

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

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

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

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

Group A 30 years of qualified health care service credit;

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

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

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

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

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

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

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

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

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

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

CITY OF OBERLIN, OHIO

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

The City's contractually required contribution to OP&F was \$9,618 for 2024.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (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 the Net OPEB Liability (Asset)	(\$373,166)	\$490,386	\$117,220
Proportion of the Net OPEB Liability (Asset) -2024	0.041347%	0.067164%	
Proportion of the Net OPEB Liability (Asset) -2023	0.041776%	0.066106%	
Percentage Change	(0.000429%)	0.001059%	
OPEB Expense	(\$49,659)	\$11,348	(\$38,311)

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - 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:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$96,071	\$168,744	\$264,815
Differences between expected and actual experience	0	23,582	23,582
Net difference between projected and actual earnings on OPEB plan investments	224,108	36,211	260,319
Change in proportionate share	0	49,355	49,355
City contributions subsequent to the measurement date	0	9,618	9,618
Total Deferred Outflows of Resources	<u>\$320,179</u>	<u>\$287,510</u>	<u>\$607,689</u>
Deferred Inflows of Resources			
Changes in assumptions	\$160,414	\$315,804	\$476,218
Differences between expected and actual experience	53,112	90,115	143,227
Change in proportionate share	0	68,008	68,008
Total Deferred Inflows of Resources	<u>\$213,526</u>	<u>\$473,927</u>	<u>\$687,453</u>

\$9,618 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2025	(\$9,469)	(\$12,829)	(\$22,298)
2026	17,350	(23,562)	(6,212)
2027	174,448	(14,622)	159,826
2028	(75,676)	(43,118)	(118,794)
2029	0	(46,339)	(46,339)
2030	0	(54,920)	(54,920)
2031	0	(1,042)	(1,042)
2032	0	397	397
Total	<u>\$106,653</u>	<u>(\$196,035)</u>	<u>(\$89,382)</u>

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

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

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	5.70 percent
Prior measurement date	5.22 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.77 percent
Prior measurement date	4.05 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2038
Prior measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Actuarial Cost Method	Individual Entry Age Normal

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

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

Discount Rate A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent (Fidelity Index's "20-Year Municipal GO AA Index").

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - 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 the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$205,081	(\$373,166)	(\$852,162)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$388,662)	(\$373,166)	(\$355,584)

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

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

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

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

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

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.07 percent	4.27 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple
Projected Depletion Year of OPEB Assets	2038	2036

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

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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:

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

Note: Assumptions are geometric.

* levered 2.0x

CITY OF OBERLIN, OHIO

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate For 2023, the total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

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

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$604,022	\$490,386	\$394,686

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 14 – COMPENSATED ABSENCES

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2024, the City's accumulated, unpaid compensated absences amounted to \$2,578,854 of which \$1,710,293 is recorded as a liability of the Governmental Activities and \$868,561 is recorded as a liability of the Business-Type Activities.

NOTE 15 – LEASE

The City of Oberlin (Landlord) has entered into a lease agreement with Hickory Grove Farms Inc, (Tenant). The lease is for use of farmland for growing crops. As part of the lease agreement, Hickory Grove Farms Inc. has agreed to pay the City annually through 2025. The lease can be renewed with both parties' agreement to do so.

A summary of future lease payments to be received by the City, including lease revenue and interest payments as of December 31, 2024, follows:

<u>Years</u>	<u>Lease Revenue</u>	<u>Interest</u>	<u>Total</u>
2025	\$72,065	\$2,882	\$74,947

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 16 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2024 was as follows:

Date Purchased	Interest Rate	Description	Maturity Date	Restated Balance December 31, 2023	Additions	(Reductions)	Balance December 31, 2024	Amount Due Within One Year
Business-Type Activities:								
<u>Direct Borrowing</u>								
Ohio Water Development Authority Loans (OWDA):								
2008	2.000%	OWDA - Project #4875	2029	\$1,665,063	\$0	(\$263,889)	\$1,401,174	\$269,193
Compensated Absences				724,784	868,561	(724,784)	868,561	406,383
Net Pension Liability - OPERS				5,155,019	0	(532,534)	4,622,485	0
Net OPEB Liability - OPERS				112,851	0	(112,851)	0	0
Total Business-Type Long-Term Debt				<u>\$7,657,717</u>	<u>\$868,561</u>	<u>(\$1,634,058)</u>	<u>\$6,892,220</u>	<u>\$675,576</u>
Governmental Activities:								
<u>General Obligation Bond:</u>								
2021	1.250%	Various Purpose Improvement Bonds	2030	3,635,000	0	(620,000)	3,015,000	620,000
<u>Direct Borrowing</u>								
Ohio Public Works Commission Loans:								
2010	0.000%	North Pleasant/Walnut Street	2029	99,160	0	(15,256)	83,904	15,256
2011	0.000%	North Professor, Union Street	2027	46,400	0	(11,600)	34,800	11,600
2013	0.000%	South Professor Street	2034	108,979	0	(9,907)	99,072	9,907
2017	0.000%	West College Street	2037	80,139	0	(5,526)	74,613	5,526
2017	0.000%	Oberlin Road Resurfacing	2030	32,053	0	(2,290)	29,763	2,290
2022	0.000%	East Hailton Street Resurfacing	2039	91,444	0	(3,048)	88,396	3,048
Total Ohio Public Commission Loans				458,175	0	(47,627)	410,548	47,627
Compensated Absences				1,760,385	1,710,293	(1,760,385)	1,710,293	778,196
Net Pension Liability - OPERS				6,877,526	0	(863,961)	6,013,565	0
Net Pension Liability - OPF				6,279,410	209,598	0	6,489,008	0
Total Net Pension Liability				13,156,936	209,598	(863,961)	12,502,573	0
Net OPEB Liability - OPERS				150,553	0	(150,553)	0	0
Net OPEB Liability - OPF				470,652	19,734	0	490,386	0
Total Net OPEB Liability				621,205	19,734	(150,553)	490,386	0
Total Governmental Activities Long-Term Debt				<u>\$19,631,701</u>	<u>\$1,939,625</u>	<u>(\$3,442,526)</u>	<u>\$18,128,800</u>	<u>\$1,445,823</u>

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 16 - LONG-TERM DEBT (Continued)

The City's direct borrowings from OWDA in the amount of \$1,401,174 contains a provision that in the event of default, the amount of such default shall bear interest at the default rate from the due date until the date of the payment. In addition to the interest, a late charge of one percent on the amount of each default shall also be paid to OWDA by the City.

The City's total direct borrowings from OPWC in the amount of \$410,548 contains a provision that in the event of default, the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from a portion of the local government fund that would otherwise be appropriated to the City.

A. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2024 follows:

Years	General Obligation Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$620,000	\$37,718	\$269,193	\$26,684	\$50,675	\$0
2026	630,000	29,962	274,604	21,274	50,675	0
2027	640,000	22,080	280,124	15,753	50,675	0
2028	370,000	14,074	285,754	10,124	50,675	0
2029	375,000	9,446	291,499	4,380	50,675	0
2030-2034	380,000	4,754	0	0	109,055	0
2035-2039	0	0	0	0	48,118	0
Totals	<u>\$3,015,000</u>	<u>\$118,034</u>	<u>\$1,401,174</u>	<u>\$78,215</u>	<u>\$410,548</u>	<u>\$0</u>

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CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2024 the City had the following commitments with respect to capital projects:

Project	Remaining Construction Commitment	Expected Date of Completion
South Pleasant Street Bridge	\$21,257	2025
Lorain/Pleasant and Park Traffic Signal	2,927	2025
Colony Drive Rebuild	30,297	2025
City Phone System Upgrade	7,642	2025
Central Garage Upgrades	3,498	2025
State Route 58 Multi-Use Pass	65,316	2025
East Vine Street Bridge Design	31,220	2025
Splash Pad	8,000	2025
Oberlin Road Sub Station Breaker	220	2025
Route 20-69KV Sub Station	477,777	2025
OMLPS Warehouse B Building Rehab	321,960	2025
PS02 Breaker Replacement	2,263	2025
Route 20 Industrial Park	12,318	2025
Water Filter Media	10,008	2025
Butternut 3rd Circuit	13,838	2025
East Loop 12KV Breaker Replacement	42,037	2025
Control Panel Upgrades 1,6,7,8	57,164	2025
Total	<u>\$1,107,742</u>	

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 18 - RISK MANAGEMENT

The City is exposed to various risks of loss related to property and casualty, general liability, workers' compensation and employee health and dental benefits.

The City maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The City participates in the Buckeye Ohio Risk Management Agency, Inc., (BORMA, Inc.); a public entity shared risk pool consisting of several cities in northern Ohio. The City pays monthly premiums for health care coverage for its employees to BORMA. The City pays annual premiums to the Public Entities Pool (PEP) and other insurance carriers for general liability and property insurance. BORMA is responsible for the management and operations of the health insurance programs. Member Cities agree to share in coverage of losses and pay all premiums necessary for the specified health insurance coverage. Member Cities are subject to supplemental assessments.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll plus administrative costs. The rate is determined based on accident history of the North Central Ohio Municipal Finance Officers Association. The City also pays unemployment claims to the State of Ohio as incurred.

There has been no significant reduction in insurance coverages compared to the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

NOTE 19 - CONTINGENCIES

A. Litigation

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

B. Asset Retirement Obligations

GASB Statement No. 83 "*Certain Asset Retirement Obligations*" establishes criteria for determining the recognition of a liability for an Asset Retirement Obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. Recognition of the ARO occurs when the liability is both incurred and reasonably estimable. An ARO is incurred based on external laws, regulations, or contracts.

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

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 20 - JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2)

The City of Oberlin is a Financing Participant and an Owner Participant with percentages of liability and ownership of 1.16% and .91%, respectively, and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2024 the City of Oberlin has met their debt coverage obligation.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. The City's net investment and its share of operating results of OMEGA JV2 are reported in the City's electric fund (an enterprise fund). The City's net investment in OMEGA JV2 was (\$22,884) at December 31, 2024. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

CITY OF OBERLIN, OHIO

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

NOTE 20 - JOINT VENTURES (Continued)**A. Ohio Municipal Electric Generation Agency Joint Venture 2 (Omega JV-2) (Continued)**

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2024 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 20 - JOINT VENTURES (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5)

The City of Oberlin is a Financing Participant with an ownership percentage of 3.02%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2024 the City of Oberlin has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 20 - JOINT VENTURES (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (Omega JV-5) (Continued)

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$90,234 at December 31, 2024. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6)

The City of Oberlin is a Financing Participant with an ownership percentage of 3.47%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 20 - JOINT VENTURES (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2024 the City of Oberlin has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

The City's net investment and its share of operating results of OMEGA JV6 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV6 was \$31,840 at December 31, 2024. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

CITY OF OBERLIN, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 20 - JOINT VENTURES (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (Omega JV-6) (Continued)

The ten participating subdivisions and their respective ownership shares at December 31, 2024 are:

Participant	KW Amount	% of Financing
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	<u>7,200</u>	<u>100.00%</u>

CITY OF OBERLIN, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OBERLIN, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Ten Years***

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
City's proportion of the net pension liability	0.042842%	0.042177%	0.043795%	0.042145%
City's proportionate share of the net pension liability	\$5,167,224	\$7,305,626	\$9,945,161	\$6,611,695
City's covered payroll	\$5,294,200	\$5,773,150	\$5,661,467	\$5,546,300
City's proportionate share of the net pension liability as a percentage of its covered payroll	97.60%	126.54%	175.66%	119.21%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	81.08%	77.25%	84.66%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
City's proportion of the net pension liability	0.0729048%	0.072947%	0.071314%	0.067761%
City's proportionate share of the net pension liability	\$3,776,773	\$4,692,704	\$4,516,956	\$4,158,799
City's covered payroll	\$1,495,555	\$1,654,022	\$1,610,806	\$1,557,954
City's proportionate share of the net pension liability as a percentage of its covered payroll	252.53%	283.71%	280.42%	266.94%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	66.77%	68.36%	70.91%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is reported as of the measurement date of the Net Pension Liability.

CITY OF OBERLIN, OHIO

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.042338%	0.041558%	0.041630%	0.043018%	0.040733%	0.040626%
\$11,595,516	\$8,214,218	\$6,164,493	\$3,742,739	\$12,032,545	\$10,636,050
\$5,803,529	\$5,969,443	\$5,963,421	\$6,336,286	\$6,411,379	\$7,048,021
199.80%	137.60%	103.37%	59.07%	187.67%	150.91%
74.70%	82.17%	86.88%	92.62%	75.74%	79.01%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.069628%	0.068503%	0.068171%	0.071544%	0.066106%	0.067164%
\$5,683,485	\$4,614,728	\$4,647,250	\$4,469,654	\$6,279,410	\$6,489,008
\$1,656,670	\$1,710,956	\$1,656,958	\$1,810,455	\$1,783,765	\$1,862,676
343.07%	269.72%	280.47%	246.88%	352.03%	348.37%
63.07%	69.89%	70.65%	75.03%	62.90%	63.63%

CITY OF OBERLIN, OHIO

***Schedule of City Pension Contributions
Last Ten Years***

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
Contractually required contribution	\$692,778	\$679,376	\$734,034	\$812,494
Contributions in relation to the contractually required contribution	692,778	679,376	734,034	812,494
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$5,773,150	\$5,661,467	\$5,546,300	\$5,803,529
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%	14.00%

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
Contractually required contribution	\$332,293	\$323,611	\$312,993	\$332,825
Contributions in relation to the contractually required contribution	332,293	323,611	312,993	332,825
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$1,654,022	\$1,610,806	\$1,557,954	\$1,656,670
Contributions as a percentage of covered payroll	20.09%	20.09%	20.09%	20.09%

Notes: The City implemented GASB Statement 68 in 2015.

CITY OF OBERLIN, OHIO

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$835,722	\$834,879	\$887,080	\$897,593	\$986,723	\$983,355
<u>835,722</u>	<u>834,879</u>	<u>887,080</u>	<u>897,593</u>	<u>986,723</u>	<u>983,355</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,969,443	\$5,963,421	\$6,336,286	\$6,411,379	\$7,048,021	\$7,023,964
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$343,731	\$352,932	\$385,627	\$379,942	\$396,750	\$389,127
<u>343,731</u>	<u>352,932</u>	<u>385,627</u>	<u>379,942</u>	<u>396,750</u>	<u>389,127</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,710,956	\$1,656,958	\$1,810,455	\$1,783,765	\$1,862,676	\$1,826,887
20.09%	21.30%	21.30%	21.30%	21.30%	21.30%

CITY OF OBERLIN, OHIO

***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB)
Liability(Asset)
Last Eight Years***

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.042170%	0.041399%	0.041855%
City's proportionate share of the net OPEB liability (asset)	\$4,181,720	\$4,495,599	\$5,456,899
City's covered payroll	\$5,661,467	\$5,546,300	\$5,803,529
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	73.86%	81.06%	94.03%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.071314%	0.067761%	0.069628%
City's proportionate share of the net OPEB liability (asset)	\$3,385,114	\$3,839,243	\$634,069
City's covered payroll	\$1,610,806	\$1,557,954	\$1,656,670
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	210.15%	246.43%	38.27%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability.

CITY OF OBERLIN, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.041866%	0.041895%	0.043542%	0.041776%	0.041347%
\$5,782,780	(\$746,392)	(\$1,363,803)	\$263,404	(\$373,166)
\$5,969,443	\$5,963,421	\$6,336,286	\$6,411,379	\$7,048,021
96.87%	(12.52%)	(21.52%)	4.11%	(5.29%)
47.80%	115.57%	128.23%	94.79%	107.76%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.068503%	0.068171%	0.071544%	0.066106%	0.067164%
\$676,654	\$722,278	\$784,182	\$470,652	\$490,386
\$1,710,956	\$1,656,958	\$1,810,455	\$1,783,765	\$1,862,676
39.55%	43.59%	43.31%	26.39%	26.33%
47.08%	45.42%	46.86%	52.59%	51.89%

CITY OF OBERLIN, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Ten Years***

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
Contractually required contribution	\$115,463	\$113,229	\$55,463	\$0
Contributions in relation to the contractually required contribution	115,463	113,229	55,463	0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$5,773,150	\$5,661,467	\$5,546,300	\$5,803,529
Contributions as a percentage of covered payroll	2.00%	2.00%	1.00%	0.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
Contractually required contribution	\$8,270	\$8,054	\$7,787	\$8,307
Contributions in relation to the contractually required contribution	8,270	8,054	7,787	8,307
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$1,654,022	\$1,610,806	\$1,557,954	\$1,656,670
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

CITY OF OBERLIN, OHIO

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,969,443	\$5,963,421	\$6,336,286	\$6,411,379	\$7,048,021	\$7,023,964
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$8,562	\$8,779	\$9,587	\$9,457	\$9,837	\$9,618
<u>8,562</u>	<u>8,779</u>	<u>9,587</u>	<u>9,457</u>	<u>9,837</u>	<u>9,618</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,710,956	\$1,656,958	\$1,810,455	\$1,783,765	\$1,862,676	\$1,826,887
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

CITY OF OBERLIN, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2015-2024.

Changes in assumptions:

2015-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

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

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

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

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

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

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

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

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

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

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

CITY OF OBERLIN, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2015-2024.

Changes in assumptions:

2015-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

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

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

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

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

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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

CITY OF OBERLIN, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021, and 2023-2024.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

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

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

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

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

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

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

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

CITY OF OBERLIN, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET) (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

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

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

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

- The Municipal Bond Rate changed from 4.05% to 3.77%
- The single discount rate changed from 5.22% to 5.70%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

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

Changes in assumptions:

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

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

- The single discount rate changed from 3.24% to 4.66%.

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

- The single discount rate changed from 4.66% to 3.56%.

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

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

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

- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

CITY OF OBERLIN, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

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

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

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

- The single discount rate changed from 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 BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

City of Oberlin
Lorain County
69 South Main Street
Oberlin, Ohio 44074

To the Members of City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oberlin, Lorain 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 June 25, 2025, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

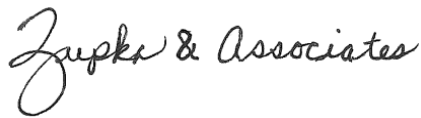
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

A handwritten signature in cursive script that reads "Zupka & Associates".

Zupka & Associates
Certified Public Accountants

June 25, 2025

**CITY OF OBERLIN
LORAIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The prior audit report, as of December 31, 2023, included no findings or instances of noncompliance.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF OBERLIN

LORAIN 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 11/6/2025

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