

**CITY OF OREGON**  
**LUCAS COUNTY**



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





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City Council  
City of Oregon  
5330 Seaman Road  
Oregon, Ohio 43616

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

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

KEITH FABER  
Ohio Auditor of State

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

**August 27, 2025**

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**CITY OF OREGON, OHIO**  
LUCAS COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2024

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**CITY OF OREGON, OHIO**  
LUCAS COUNTY  
FOR THE YEAR ENDED DECEMBER 31, 2024

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and the City Council  
City of Oregon

**Report on the Audit of 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 Oregon, 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, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2024, 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.

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

Management is responsible for the preparation and fair presentation of these 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## ***Required Supplementary Information***

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

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
June 24, 2025

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# CITY OF OREGON, OHIO

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

***Unaudited***

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The discussion and analysis of the City of Oregon's 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 and 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 \$1,905,014. Net position of governmental activities decreased \$4,382,424 from 2023. Net position of business-type activities increased \$6,287,438 from 2023.
- ❑ General revenues accounted for \$29 million in revenue or 47% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for the remaining 53% of total revenues.
- ❑ The City had \$40.9 million in expenses related to governmental activities; only \$10.6 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$29 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$27 million in revenues and \$30 million in expenditures. The general fund's fund balance decreased \$4,330,564 to \$28,487,200.
- ❑ Net position for enterprise funds on an accrual basis increased by \$6,462,658.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements and required supplementary information*. 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 OREGON, OHIO**

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

***Unaudited***

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### **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 is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's infrastructure and continued growth within the City.

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 goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance projects. 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 OREGON, 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 programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities and a separate Statement of Fiduciary 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	\$55,570,836	\$59,181,783	\$28,401,246	\$25,613,331	\$83,972,082	\$84,795,114
Capital assets, Net	111,918,044	105,316,379	86,750,791	84,719,948	198,668,835	190,036,327
Total assets	<u>167,488,880</u>	<u>164,498,162</u>	<u>115,152,037</u>	<u>110,333,279</u>	<u>282,640,917</u>	<u>274,831,441</u>
Deferred outflows of resources	12,369,804	16,615,746	1,659,974	2,792,200	14,029,778	19,407,946
Net pension liability	32,061,289	34,672,152	4,942,516	5,924,737	37,003,805	40,596,889
Net OPEB liability	1,697,649	1,993,787	0	125,030	1,697,649	2,118,817
Other long-term liabilities	30,171,714	24,927,235	37,204,500	37,778,170	67,376,214	62,705,405
Other liabilities	3,946,857	3,106,350	1,160,931	2,140,414	5,107,788	5,246,764
Total liabilities	<u>67,877,509</u>	<u>64,699,524</u>	<u>43,307,947</u>	<u>45,968,351</u>	<u>111,185,456</u>	<u>110,667,875</u>
Deferred inflows of resources	5,555,865	5,606,650	229,350	169,852	5,785,215	5,776,502
Net position:						
Net investment in capital assets	84,370,380	83,172,205	49,795,383	47,829,418	134,165,763	131,001,623
Restricted	17,403,537	17,130,082	169,247	0	17,572,784	17,130,082
Unrestricted	4,651,393	10,505,447	23,310,084	19,157,858	27,961,477	29,663,305
Total net position	<u>\$106,425,310</u>	<u>\$110,807,734</u>	<u>\$73,274,714</u>	<u>\$66,987,276</u>	<u>\$179,700,024</u>	<u>\$177,795,010</u>

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." For fiscal year 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.

## CITY OF OREGON, OHIO

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

***Unaudited***

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

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/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.

# CITY OF OREGON, OHIO

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

*Unaudited*

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.

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	\$4,744,495	\$4,285,049	\$16,614,273	\$15,268,667	\$21,358,768	\$19,553,716
Operating Grants and Contributions	2,621,823	2,948,624	0	0	2,621,823	2,948,624
Capital Grants and Contributions	3,228,280	2,569,925	4,981,688	1,754,270	8,209,968	4,324,195
General Revenues:						
Property Taxes	1,056,731	1,303,856	0	0	1,056,731	1,303,856
Payments in Lieu of Taxes	939,609	528,550	0	0	939,609	528,550
Income Taxes	21,270,887	27,256,069	0	0	21,270,887	27,256,069
Shared Revenues	1,600,911	2,010,098	0	0	1,600,911	2,010,098
Investment Earnings	3,342,263	1,875,657	18,076	18,817	3,360,339	1,894,474
Miscellaneous	351,815	435,455	0	0	351,815	435,455
Total Revenues	39,156,814	43,213,283	21,614,037	17,041,754	60,770,851	60,255,037
Program Expenses						
Security of Persons and Property	16,633,862	15,812,957	0	0	16,633,862	15,812,957
Public Health and Welfare Services	385,332	449,731	0	0	385,332	449,731
Leisure Time Activities	2,635,022	2,116,516	0	0	2,635,022	2,116,516
Community Environment	1,715,048	1,307,779	0	0	1,715,048	1,307,779
Basic Utility Services	2,257,658	706,864	0	0	2,257,658	706,864
Transportation	7,520,319	7,489,535	0	0	7,520,319	7,489,535
General Government	9,243,774	5,903,793	0	0	9,243,774	5,903,793
Interest and Fiscal Charges	487,623	346,315	0	0	487,623	346,315
Water	0	0	12,226,797	9,194,923	12,226,797	9,194,923
Sewer	0	0	5,760,402	6,150,075	5,760,402	6,150,075
Total Expenses	40,878,638	34,133,490	17,987,199	15,344,998	58,865,837	49,478,488
Excess (Deficiency) Before Transfers	(1,721,824)	9,079,793	3,626,838	1,696,756	1,905,014	10,776,549
Transfers In (Out)	(2,660,600)	(2,265,600)	2,660,600	2,265,600	0	0
Total Change in Net Position	(4,382,424)	6,814,193	6,287,438	3,962,356	1,905,014	10,776,549
Net Position as Previously Reported	110,969,005	0	66,932,041	0	177,901,046	0
Change in Accounting Principle (GASB Statement 101)	(161,271)	0	55,235	0	(106,036)	0
Beginning Net Position, as Restated	110,807,734	104,154,812	66,987,276	62,969,685	177,795,010	167,124,497
Ending Net Position	\$106,425,310	\$110,969,005	\$73,274,714	\$66,932,041	\$179,700,024	\$177,901,046

## CITY OF OREGON, OHIO

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

*Unaudited*

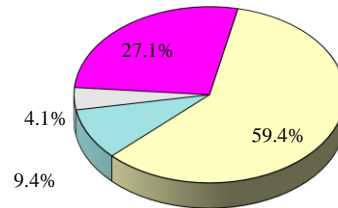
#### **Governmental Activities**

Net position of the City's governmental activities decreased by \$4,382,424. Much of this decrease was due to a decrease in income tax revenue related to strong income tax revenue the previous year due to net profit payments and large income tax refunds in 2024. The increase in investment market value/earnings offset some of these decreases during the year, along with increases in charges for services. Decreases in grants and contributions for operating and capital also played a role in the decrease of net position, as more grants were receipted the previous year for ongoing improvements within the City.

The City receives an income tax, which is based on 2.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work or services performed or rendered in the City.

Property taxes and income taxes made up 2.7% and 54.3% 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 59.4% of total revenues from general tax revenues:

Revenue Sources	2024	Percent of Total
General Shared Revenues	\$1,600,911	4.1%
Program Revenues	10,594,598	27.1%
General Tax Revenues	23,267,227	59.4%
General Other	3,694,078	9.4%
Total Revenue	<u>\$39,156,814</u>	<u>100.00%</u>



#### **Business-Type Activities**

Net position of the business-type activities increased by \$6,287,438. The majority of this increase is due to the increase in charges for services that continued into 2024. Capital grants and contributions into the business type activities also played a role in the increase as well as wastewater improvements made on the grit tank during the year being capitalized.

## ***CITY OF OREGON, 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 \$45,536,432, which is a decrease from last year's balance of \$49,969,597. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2024 and 2023:

	<u>Fund Balance December 31, 2024</u>	<u>Fund Balance December 31, 2023</u>	<u>Increase (Decrease)</u>
General	\$28,487,200	\$32,817,764	(\$4,330,564)
Street/Recreation Building	1,497,384	2,126,348	(628,964)
Other Governmental	15,551,848	15,025,485	526,363
Total	<u>\$45,536,432</u>	<u>\$49,969,597</u>	<u>(\$4,433,165)</u>

The decrease in the General Fund is primarily due to a decrease in income tax revenue related to strong income tax revenue the previous year due to net profit payments and a large income tax refund in 2024. With a major portion of the income tax revenue coming from net profit payments, the City has built a balance for expected income tax refunds. The decrease in the Street/Recreation Building fund from 2023 to 2024 is mostly related to the increase in capital outlay for various improvements within the City during 2024. The increase in other governmental fund balances can mostly be attributed to the increase in transfers in from the general fund for various projects during the year.

## CITY OF OREGON, OHIO

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

*Unaudited*

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

	2024	2023	Increase
	Revenues	Revenues	(Decrease)
Taxes	\$17,696,058	\$24,203,451	(\$6,507,393)
Intergovernmental Revenue	1,631,037	1,601,369	29,668
Charges for Services	3,368,548	3,221,284	147,264
Fines, Licenses and Permits	469,365	399,492	69,873
Investment Earnings	3,294,058	1,762,602	1,531,456
Special Assessments	7,241	3,660	3,581
All Other Revenue	439,685	366,902	72,783
Total	<u>\$26,905,992</u>	<u>\$31,558,760</u>	<u>(\$4,652,768)</u>

General Fund revenues in 2024 decreased compared to revenues in fiscal year 2023. This decrease can be attributed to a decrease in income tax revenue related to strong income tax revenue the previous year due to net profit payments.

	2024	2023	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$13,744,109	\$12,221,932	\$1,522,177
Public Health and Welfare Services	353,281	397,616	(44,335)
Leisure Time Activities	2,019,766	1,460,979	558,787
Community Environment	795,291	767,439	27,852
Transportation	3,999,698	3,722,778	276,920
General Government	8,895,325	4,598,471	4,296,854
Debt Service:			
Principal Retirement	164,693	124,181	40,512
Interest and Fiscal Charges	29,167	34,056	(4,889)
Total	<u>\$30,001,330</u>	<u>\$23,327,452</u>	<u>\$6,673,878</u>

General Fund expenditures increased by 28.6% compared to the prior year mostly due to increases in security of persons and property and general government. The general government increase is due to an increase in income tax refunds compared to the previous year and a payment to the Oregon Economic Development Foundation in order for them to purchase land. The increase in security of persons and property can be attributed to normal increases in salaries and benefits during the year.

### **GENERAL FUND BUDGETARY INFORMATION**

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.

# CITY OF OREGON, OHIO

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

*Unaudited*

During the course of fiscal year 2024 the City amended its General Fund budget several times, none were significant.

For the General Fund, final budget basis revenue of \$22.9 million was a change from the original budget estimates of \$26.9 million. This was mostly due to the anticipation of the decrease in income tax revenue during the year. 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 \$198,667,835 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment, vehicles and construction in progress. Of this total, \$111,918,044 was related to governmental activities and \$86,749,791 to business-type activities. The following table shows fiscal year 2024 and 2023 balances:

	Governmental Activities		Increase (Decrease)
	2024	2023	
Land and Land Improvements	\$20,146,613	\$15,350,770	\$4,795,843
Construction in Progress	19,848,867	26,447,922	(6,599,055)
Buildings and Improvements	22,321,012	13,986,728	8,334,284
Machinery and Equipment	6,138,572	6,032,663	105,909
Vehicles	10,700,206	10,830,081	(129,875)
Infrastructure	102,256,981	98,952,479	3,304,502
Less: Accumulated Depreciation	(69,494,207)	(66,284,264)	(3,209,943)
Totals	<u>\$111,918,044</u>	<u>\$105,316,379</u>	<u>\$6,601,665</u>

	Business-Type Activities		Increase (Decrease)
	2024	2023	
Land	\$756,016	\$756,016	\$0
Construction in Progress	1,711,107	5,011,113	(3,300,006)
Buildings and Distributions	160,152,128	151,981,053	8,171,075
Machinery and Equipment	16,370,110	16,185,870	184,240
Vehicles	1,370,200	1,376,148	(5,948)
Less: Accumulated Depreciation	(93,609,770)	(90,590,252)	(3,019,518)
Totals	<u>\$86,749,791</u>	<u>\$84,719,948</u>	<u>\$2,029,843</u>

The primary increases in governmental capital assets occurred in building and improvements and land and land improvements as construction in progress decreased as projects were completed during 2024. . This was primarily due to the completion of construction of the Central Fire Station Project of \$6,768,781 and the completion of construction for the Cedar Point Development-Parkway Rd Project of \$2,981,564. Construction in Progress primarily increased due to the expenses for the year for the Wolf Creek Stream & Flood Restoration Project, Coy Rd Resurfacing Project, Wynn & Corduroy Rd Resurfacing Project, and the Oregon Rec Building (Concession Stand/Press Box).

The primary increases for business-type capital assets was in building and distributions while construction in progress decreased as projects were completed during 2024. This was primarily due to the Sanitary

## CITY OF OREGON, OHIO

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

*Unaudited*

Sewer Rehab Trunk Sewer and Misc Lateral Project and the WWTP UV Disinfection Grit Tank Improvement Project Expenses. Ongoing improvements to the water and sewer plants and infrastructure continue to be made.

As of December 31, 2024, the City has contractual commitments of \$1,202,109, as listed in Note 15, for various projects. Included in these projects are construction of a garage facility, street improvements, sanitary sewer improvements and water treatment plant improvements. Additional information on the City's capital assets can be found in Note 10.

### ***Debt***

At December 31, 2024, the City had \$19.5 million in bonds outstanding, \$885,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2024 and 2023:

	2024	Restated 2023
Governmental Activities:		
General Obligation Bonds	\$19,502,332	\$15,864,926
OPWC Loans Payable	525,636	592,603
Long-Term Notes Payable	1,976,951	0
Long-Term Loan Payable	616,545	746,367
Pension Liability	27,712	29,786
Net Pension Liability	32,061,289	34,672,152
Net OPEB Liability	1,697,649	1,993,787
Financing Obligations	4,623,346	4,940,278
Compensated Absences	2,899,192	2,753,275
Total Governmental Activities	63,930,652	61,593,174
Business-Type Activities:		
OWDA Loans Payable	\$33,800,708	\$34,892,681
OPWC Loans Payable	2,481,430	1,997,849
Net Pension Liability	4,942,516	5,924,737
Net OPEB Liability	0	125,030
Compensated Absences	922,362	887,550
Total Business-Type Activities	42,147,016	43,827,847
Totals	\$106,077,668	\$105,421,021

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 respective counties in which the City lies, 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 14.

## ***CITY OF OREGON, OHIO***

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

***Unaudited***

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### **ECONOMIC FACTORS**

The City's original budget for 2024 utilized conservative revenue estimates with some adjustments in base operating costs.

Department requests were modified from original submissions; certain requested capital projects and capital acquisitions were eliminated or reduced; and only those items that management and City Council determined necessary were appropriated.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or reductions in expenditures, are necessary to maintain fiscal stability.

### **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 Department by calling 419-698-7000 or writing to City of Oregon Finance Department, 5330 Seaman Road, Oregon, Ohio 43616.

# CITY OF OREGON, OHIO

## Statement of Net Position December 31, 2024

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 46,088,022	\$ 22,810,105	\$ 68,898,127
Receivables:			
Taxes	4,703,657	0	4,703,657
Accounts	159,420	2,328,903	2,488,323
Intergovernmental	1,896,324	234,552	2,130,876
Payments in Lieu of Taxes	37,562	0	37,562
Interest	229,381	0	229,381
Special Assessments	1,291,170	906,006	2,197,176
Settlements	157,547	0	157,547
Internal Balances	(660,480)	660,480	0
Leases Receivable	280,067	0	280,067
Inventory of Supplies at Cost	468,649	1,165,486	1,634,135
Prepaid Items	590,707	127,467	718,174
Net OPEB Asset	328,810	169,247	498,057
Capital Assets:			
Capital Assets Not Being Depreciated	29,526,740	2,467,123	31,993,863
Capital Assets Being Depreciated, Net	82,391,304	84,282,668	166,673,972
<b>Total Assets</b>	<b>167,488,880</b>	<b>115,152,037</b>	<b>282,640,917</b>
<b>Deferred Outflows of Resources:</b>			
Pension	10,926,245	1,514,710	12,440,955
OPEB	1,443,559	145,264	1,588,823
Total Deferred Outflows of Resources	12,369,804	1,659,974	14,029,778
<b>Liabilities:</b>			
Accounts Payable	2,180,920	646,484	2,827,404
Accrued Wages and Benefits	1,556,389	204,817	1,761,206
Intergovernmental Payable	83,446	0	83,446
Retainage Payable	48,005	309,630	357,635
Accrued Interest Payable	78,097	0	78,097
Noncurrent liabilities:			
Due within one year	2,839,169	3,020,389	5,859,558
Due in more than one year	27,332,545	34,184,111	61,516,656
Net Pension Liability	32,061,289	4,942,516	37,003,805
Net OPEB Liability	1,697,649	0	1,697,649
<b>Total Liabilities</b>	<b>67,877,509</b>	<b>43,307,947</b>	<b>111,185,456</b>

(Continued)

# CITY OF OREGON, OHIO

	Governmental Activities	Business-Type Activities	Total
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	1,157,743	0	1,157,743
Pension	2,249,081	132,533	2,381,614
OPEB	1,868,974	96,817	1,965,791
Deferred Revenue - Lease Revenue	280,067	0	280,067
Total Deferred Inflows of Resources	5,555,865	229,350	5,785,215
<b>Net Position:</b>			
Net Investment in Capital Assets	84,370,380	49,795,383	134,165,763
Restricted For:			
OPEB	328,810	169,247	0
Capital Projects	5,063,900	0	5,063,900
Debt Service	1,199,221	0	1,199,221
Street Construction, Maintenance and Repair	1,299,845	0	1,299,845
Court Special Projects	180,433	0	180,433
Storm Sewer Project	3,422,269	0	3,422,269
Street Lighting	1,206,018	0	1,206,018
Perpetual Care:			
Nonexpendable	69,785	0	69,785
Other Purposes	4,633,256	0	4,633,256
Unrestricted	4,651,393	23,310,084	28,459,534
<b>Total Net Position</b>	<b>\$ 106,425,310</b>	<b>\$ 73,274,714</b>	<b>\$ 179,700,024</b>

See accompanying notes to the basic financial statements

# CITY OF OREGON, OHIO

## Statement of Activities For the Year Ended December 31, 2024

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 16,633,862	\$ 1,319,010	\$ 933,356	\$ 386,713
Public Health and Welfare Services	385,332	55,956	0	0
Leisure Time Activities	2,635,022	420,207	0	0
Community Environment	1,715,048	244,737	0	0
Basic Utility Services	2,257,658	0	0	171,424
Transportation	7,520,319	55,128	1,613,436	2,658,409
General Government	9,243,774	2,649,457	75,031	11,734
Interest and Fiscal Charges	487,623	0	0	0
<b>Total Governmental Activities</b>	<b>40,878,638</b>	<b>4,744,495</b>	<b>2,621,823</b>	<b>3,228,280</b>
<b>Business-Type Activities:</b>				
Water	12,226,797	10,854,634	0	730,195
Sewer	5,760,402	5,759,639	0	4,251,493
<b>Total Business-Type Activities</b>	<b>17,987,199</b>	<b>16,614,273</b>	<b>0</b>	<b>4,981,688</b>
<b>Totals</b>	<b>\$ 58,865,837</b>	<b>\$ 21,358,768</b>	<b>\$ 2,621,823</b>	<b>\$ 8,209,968</b>

### General Revenues

Property Taxes
Payments in Lieu of 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 OREGON, OHIO**

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (13,994,783)	\$ 0	\$ (13,994,783)
(329,376)	0	(329,376)
(2,214,815)	0	(2,214,815)
(1,470,311)	0	(1,470,311)
(2,086,234)	0	(2,086,234)
(3,193,346)	0	(3,193,346)
(6,507,552)	0	(6,507,552)
(487,623)	0	(487,623)
(30,284,040)	0	(30,284,040)
0	(641,968)	(641,968)
0	4,250,730	4,250,730
0	3,608,762	3,608,762
(30,284,040)	3,608,762	(26,675,278)
1,056,731	0	1,056,731
939,609	0	939,609
21,270,887	0	21,270,887
1,600,911	0	1,600,911
3,342,263	18,076	3,360,339
351,815	0	351,815
(2,660,600)	2,660,600	0
25,901,616	2,678,676	28,580,292
(4,382,424)	6,287,438	1,905,014
110,969,005	66,932,041	177,901,046
(161,271)	55,235	(106,036)
110,807,734	66,987,276	177,795,010
\$ 106,425,310	\$ 73,274,714	\$ 179,700,024

# CITY OF OREGON, OHIO

## **Balance Sheet Governmental Funds December 31, 2024**

	General	Street/Recreation Building	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 27,883,648	\$ 1,521,867	\$ 14,804,800	\$ 44,210,315
Receivables:				
Taxes	3,942,117	0	761,540	4,703,657
Accounts	39,609	0	119,811	159,420
Intergovernmental	481,929	0	1,414,395	1,896,324
Payments in Lieu of Taxes	0	0	37,562	37,562
Interest	229,381	0	0	229,381
Special Assessments	36,877	0	1,254,293	1,291,170
Settlements	0	0	157,547	157,547
Leases Receivable	280,067	0	0	280,067
Interfund Loans Receivables	0	0	67,801	67,801
Inventory of Supplies, at Cost	468,649	0	0	468,649
Prepaid Items	547,055	0	36,712	583,767
<b>Total Assets</b>	<b>\$ 33,909,332</b>	<b>\$ 1,521,867</b>	<b>\$ 18,654,461</b>	<b>\$ 54,085,660</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,779,675	\$ 24,483	\$ 375,603	\$ 2,179,761
Accrued Wages and Benefits Payable	900,675	0	11,370	912,045
Intergovernmental Payable	83,446	0	0	83,446
Retainage Payable	0	0	48,005	48,005
Interfund Loans Payable	0	0	459,795	459,795
<b>Total Liabilities</b>	<b>2,763,796</b>	<b>24,483</b>	<b>894,773</b>	<b>3,683,052</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	1,423,365	0	2,005,001	3,428,366
Property Tax for Next Fiscal Year	954,904	0	202,839	1,157,743
Leases	280,067	0	0	280,067
<b>Total Deferred Inflows of Resources</b>	<b>2,658,336</b>	<b>0</b>	<b>2,207,840</b>	<b>4,866,176</b>
<b>Fund Balances:</b>				
Nonspendable	1,015,704	0	105,184	1,120,888
Restricted	0	1,497,384	13,696,275	15,193,659
Committed	1,470,577	0	2,177,739	3,648,316
Assigned	5,475,542	0	0	5,475,542
Unassigned	20,525,377	0	(427,350)	20,098,027
<b>Total Fund Balances</b>	<b>28,487,200</b>	<b>1,497,384</b>	<b>15,551,848</b>	<b>45,536,432</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 33,909,332</b>	<b>\$ 1,521,867</b>	<b>\$ 18,654,461</b>	<b>\$ 54,085,660</b>

See accompanying notes to the basic financial statements

## CITY OF OREGON, OHIO

### ***Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities December 31, 2024***

<b>Total Governmental Fund Balances</b>	<b>\$ 45,536,432</b>
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*Amounts reported for governmental activities in the  
statement of net position are different because*

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	111,918,044
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Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds.

Municipal Income Taxes	961,184	
Property Taxes	66,078	
Interest Revenues	229,197	
Special Assessments	1,291,170	
Settlements	157,547	
Intergovernmental	<u>723,190</u>	3,428,366

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	328,810	
Deferred Outflows - Pension	10,926,245	
Deferred Inflows - Pension	(2,249,081)	
Deferred Outflows - OPEB	1,443,559	
Deferred Inflows - OPEB	(1,868,974)	
Net Pension Liability	(32,061,289)	
Net OEPB Liability	<u>(1,697,649)</u>	(25,178,379)

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds.	(78,097)
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Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	970,658
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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	(19,240,000)	
Long-Term Note Payable	(1,976,951)	
Ohio Public Works Commission Loan Payable	(525,636)	
Long-Term Loan Payable	(616,545)	
Accrued Pension Liability	(27,712)	
Premium on General Obligation Bonds Payable	(262,332)	
Financing Obligations Payable	(4,623,346)	
Compensated Absences Payable	<u>(2,899,192)</u>	<u>(30,171,714)</u>

<b><i>Net Position of Governmental Activities</i></b>	<b><u><u>\$ 106,425,310</u></u></b>
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See accompanying notes to the basic financial statements

# CITY OF OREGON, OHIO

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

	General	Formerly Nonmajor Street/Recreation Building	Other Governmental Funds
<b>Revenues:</b>			
Property Taxes	\$ 906,785	\$ 0	\$ 160,020
Payments in Lieu of Taxes	0	0	939,609
Municipal Income Taxes	16,789,273	0	4,386,085
Intergovernmental Revenues	1,631,037	921	4,740,946
Charges for Services	3,368,548	0	109,392
Licenses, Permits and Fees	240,499	0	0
Investment Earnings	3,294,058	0	20,616
Special Assessments	7,241	0	638,435
Fines and Forfeitures	228,866	0	150,223
All Other Revenue	439,685	0	817,688
<b>Total Revenues</b>	<b>26,905,992</b>	<b>921</b>	<b>11,963,014</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	13,744,109	0	801,434
Public Health and Welfare Services	353,281	0	16,803
Leisure Time Activities	2,019,766	0	322,561
Community Environment	795,291	0	910,339
Basic Utility Services	0	0	2,230,833
Transportation	3,999,698	0	880,532
General Government	8,895,325	0	441,650
Capital Outlay	0	4,594,377	5,290,195
Debt Service:			
Principal Retirement	164,693	282,060	916,967
Interest & Fiscal Charges	29,167	253,448	174,737
<b>Total Expenditures</b>	<b>30,001,330</b>	<b>5,129,885</b>	<b>11,986,051</b>
Excess (Deficiency) of Revenues Over Expenditures	(3,095,338)	(5,128,964)	(23,037)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	39,382	0	0
General Obligation Bonds Issued	0	4,500,000	0
General Obligation Notes Issued	1,976,951	0	0
Transfers In	0	0	3,152,628
Transfers Out	(3,210,000)	0	(2,603,228)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,193,667)</b>	<b>4,500,000</b>	<b>549,400</b>
Net Change in Fund Balances	(4,289,005)	(628,964)	526,363
<b>Fund Balance as Previously Presented</b>	<b>32,817,764</b>	<b>0</b>	<b>17,151,833</b>
Change in Financial Reporting Entity (Major/Nonmajor Funds)	0	2,126,348	(2,126,348)
Net Position Beginning of Year, as Adjusted	32,817,764	2,126,348	15,025,485
Decrease in Inventory Reserve	(41,559)	0	0
<b>Fund Balances End of Year</b>	<b>\$ 28,487,200</b>	<b>\$ 1,497,384</b>	<b>\$ 15,551,848</b>

See accompanying notes to the basic financial statements

## ***CITY OF OREGON, OHIO***

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Total Governmental Funds
\$ 1,066,805
939,609
21,175,358
6,372,904
3,477,940
240,499
3,314,674
645,676
379,089
1,257,373
38,869,927
14,545,543
370,084
2,342,327
1,705,630
2,230,833
4,880,230
9,336,975
9,884,572
1,363,720
457,352
47,117,266
(8,247,339)
39,382
4,500,000
1,976,951
3,152,628
(5,813,228)
3,855,733
(4,391,606)
49,969,597
0
49,969,597
(41,559)
\$ 45,536,432

## CITY OF OREGON, 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 \$ (4,391,606)

***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 capital outlay exceeded depreciation in the current period.

Capital Outlay	10,564,475	
Depreciation	<u>(3,941,465)</u>	6,623,010

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.

(21,345)

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

Municipal Income Taxes	95,529	
Property Taxes	(10,074)	
Interest	27,589	
Special Assessments	(57,889)	
Settlements	157,547	
Intergovernmental	<u>34,803</u>	247,505

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

Pension	2,316,703	
OPEB	<u>35,443</u>	2,352,146

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	(3,298,701)	
OPEB	<u>(31,409)</u>	(3,330,110)

(Continued)

## **CITY OF OREGON, OHIO**

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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, note and capital lease 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	850,000	
Amortization of Premium on G.O. Bonds	12,594	
OPWC Loans Principal	66,967	
General Obligation Bonds Issued	(4,500,000)	
Long-Term Note Issued	(1,976,951)	
Long-Term Loan Principal	129,822	
Financing Obligation Principal	316,931	
Ohio Police and Fire Principal Payment	<u>2,074</u>	(5,098,563)

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		(42,865)
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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	(41,559)	
Increase in Compensated Absences Payable	<u>(145,916)</u>	(187,475)

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.

(533,121)

***Change in Net Position of Governmental Activities***

\$ (4,382,424)

See accompanying notes to the basic financial statements

# CITY OF OREGON, 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)
<b>Revenues:</b>				
Property Taxes	\$ 900,100	\$ 900,100	\$ 906,785	\$ 6,685
Municipal Income Taxes	19,331,500	15,331,331	17,041,798	1,710,467
Intergovernmental Revenue	1,487,896	1,487,896	1,566,028	78,132
Charges for Services	3,326,567	3,326,567	3,376,399	49,832
Licenses, Permits and Fees	184,581	184,581	240,499	55,918
Investment Earnings	900,000	900,000	1,748,214	848,214
Special Assessments	7,500	7,500	7,241	(259)
Fines and Forfeitures	206,100	206,100	227,431	21,331
All Other Revenues	577,750	577,750	488,678	(89,072)
Total Revenues	26,921,994	22,921,825	25,603,073	2,681,248
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	14,037,738	14,625,385	13,940,139	685,246
Public Health and Welfare Services	549,130	549,130	357,531	191,599
Leisure Time Activities	2,081,950	2,166,640	2,069,545	97,095
Community Environment	884,315	943,523	916,377	27,146
Transportation	4,288,403	4,459,356	4,119,414	339,942
General Government	5,981,462	7,941,429	6,947,367	994,062
Debt Service:				
Principal Retirement	164,693	164,693	164,693	0
Interest and Fiscal Charges	29,167	29,167	29,167	0
Total Expenditures	28,016,858	30,879,323	28,544,233	2,335,090
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,094,864)	(7,957,498)	(2,941,160)	5,016,338
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	240,000	240,000	39,382	(200,618)
Transfers Out	(3,181,500)	(3,211,500)	(3,211,488)	12
Total Other Financing Sources (Uses):	(2,941,500)	(2,971,500)	(3,172,106)	(200,606)
Net Change In Fund Balance	(4,036,364)	(10,928,998)	(6,113,266)	4,815,732
Fund Balance at Beginning of Year	32,086,219	32,086,219	32,086,219	0
Prior Year Encumbrances	582,512	582,512	582,512	0
Fund Balance at End of Year	\$ 28,632,367	\$ 21,739,733	\$ 26,555,465	\$ 4,815,732

See accompanying notes to the basic financial statements

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# CITY OF OREGON, OHIO

## Statement of Net Position Proprietary Funds December 31, 2024

	Business-Type Activities			Governmental
	Enterprise Funds			Activities -
	Water	Sewer	Total	Internal Service
				Funds
<b>ASSETS</b>				
Current assets:				
Equity in Pooled Cash and Investments	\$ 12,154,170	\$ 10,655,935	\$ 22,810,105	\$ 1,877,707
Accounts receivable (net of allow for uncollectibles)	1,420,632	908,271	2,328,903	0
Intergovernmental receivable	201,969	32,583	234,552	0
Special Assessments receivable	0	906,006	906,006	0
Interfund Loans Receivable	388,854	3,140	391,994	0
Inventory of Supplies at Cost	1,141,515	23,971	1,165,486	0
Prepaid Items	74,424	53,043	127,467	6,940
Total current assets	15,381,564	12,582,949	27,964,513	1,884,647
Noncurrent assets:				
Net OPEB Asset	101,224	68,023	169,247	0
Capital assets:				
Property, Plant and Equipment	82,204,202	96,444,252	178,648,454	0
Construction in Progress	1,548,654	162,453	1,711,107	0
Less accumulated depreciation	(36,670,412)	(56,939,358)	(93,609,770)	0
Total capital assets (net of accumulated depr)	47,082,444	39,667,347	86,749,791	0
Total noncurrent assets	47,183,668	39,735,370	86,919,038	0
Total assets	62,565,232	52,318,319	114,883,551	1,884,647
<b>Deferred Outflows of Resources:</b>				
Pension	905,612	609,098	1,514,710	0
OPEB	86,850	58,414	145,264	0
Total Deferred Outflows of Resources	992,462	667,512	1,659,974	0
<b>LIABILITIES</b>				
Current liabilities:				
Accounts Payable	579,929	66,555	646,484	1,159
Accrued Wages and Benefits	123,916	80,901	204,817	644,344
Retainage Payable	290,393	19,237	309,630	0
Compensated Absences Payable - Current	215,458	134,356	349,814	0
OWDA Loans Payable - Current	1,186,604	1,299,885	2,486,489	0
OPWC Loans Payable - Current	67,751	116,335	184,086	0
Total Current Liabilities	2,464,051	1,717,269	4,181,320	645,503

(Continued)

# CITY OF OREGON, OHIO

	Business-Type Activities			Governmental
	Enterprise Funds			Activities -
	Water	Sewer	Total	Internal Service
				Funds
Noncurrent Liabilities:				
OWDA Loans Payable	14,904,558	16,409,661	31,314,219	0
OPWC Loans Payable	480,999	1,816,345	2,297,344	0
Net Pension Liability	2,955,022	1,987,494	4,942,516	0
Compensated Absences Payable	344,688	227,860	572,548	0
Total noncurrent liabilities	18,685,267	20,441,360	39,126,627	0
<b>Total Liabilities</b>	<b>21,149,318</b>	<b>22,158,629</b>	<b>43,307,947</b>	<b>645,503</b>
<b>Deferred Inflows of Resources:</b>				
Pension	79,225	53,308	132,533	0
OPEB	57,920	38,897	96,817	0
<b>Total Deferred Inflows of Resources</b>	<b>137,145</b>	<b>92,205</b>	<b>229,350</b>	<b>0</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	29,807,736	19,987,647	49,795,383	0
Restricted For:				
OPEB	101,224	68,023	169,247	0
Unrestricted	12,362,271	10,679,327	23,041,598	1,239,144
Total Net Position	<u>\$ 42,271,231</u>	<u>\$ 30,734,997</u>	<u>73,006,228</u>	<u>\$ 1,239,144</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			268,486	
Net Position of Business-type Activities			<u>\$ 73,274,714</u>	

See accompanying notes to the basic financial statements

# CITY OF OREGON, 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			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
<b>Operating Revenues:</b>				
Charges for Services	\$ 10,681,137	\$ 5,737,891	\$ 16,419,028	\$ 5,635,402
Other Operating Revenues	173,497	21,748	195,245	20,761
<b>Total Operating Revenues</b>	<b>10,854,634</b>	<b>5,759,639</b>	<b>16,614,273</b>	<b>5,656,163</b>
<b>Operating Expenses:</b>				
Personal Services	3,051,350	2,455,142	5,506,492	6,177,964
Contractual Services	4,610,344	1,137,555	5,747,899	193,736
Materials and Supplies	2,057,438	92,353	2,149,791	0
Utilities	574,965	365,494	940,459	0
Depreciation	1,719,068	1,344,628	3,063,696	0
<b>Total Operating Expenses</b>	<b>12,013,165</b>	<b>5,395,172</b>	<b>17,408,337</b>	<b>6,371,700</b>
<b>Operating Income (Loss)</b>	<b>(1,158,531)</b>	<b>364,467</b>	<b>(794,064)</b>	<b>(715,537)</b>
<b>Non-Operating Revenue (Expenses):</b>				
Interest Income	18,076	0	18,076	7,196
Interest and Fiscal Charges	(105,782)	(297,860)	(403,642)	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(87,706)</b>	<b>(297,860)</b>	<b>(385,566)</b>	<b>7,196</b>
<b>Income (Loss) Before Capital Contributions and Transfers</b>	<b>(1,246,237)</b>	<b>66,607</b>	<b>(1,179,630)</b>	<b>(708,341)</b>
Capital Contributions	730,195	4,251,493	4,981,688	0
Transfers In	1,400,000	1,400,000	2,800,000	0
Transfers Out	0	(139,400)	(139,400)	0
<b>Change in Net Position</b>	<b>883,958</b>	<b>5,578,700</b>	<b>6,462,658</b>	<b>(708,341)</b>
Net Position as Previously Reported	41,360,893	25,127,442	66,488,335	1,947,485
Change in Accounting Principle (GASB Statement 101)	26,380	28,855	55,235	0
Net Position Beginning of Year, as Restated	41,387,273	25,156,297	66,543,570	1,947,485
<b>Net Position End of Year</b>	<b>\$ 42,271,231</b>	<b>\$ 30,734,997</b>	<b>73,006,228</b>	<b>\$ 1,239,144</b>
Change in Net Position - Total Enterprise Funds			6,462,658	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(175,220)	
Change in Net Position - Business-type Activities			<u>\$ 6,287,438</u>	

See accompanying notes to the basic financial statements

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# CITY OF OREGON, OHIO

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

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$10,792,410	\$5,773,535	\$16,565,945	\$5,656,163
Cash Payments for Goods and Services	(7,277,744)	(1,622,545)	(8,900,289)	0
Cash Payments to Employees	(3,076,156)	(2,478,844)	(5,555,000)	(6,179,982)
Net Cash Provided (Used) by Operating Activities	438,510	1,672,146	2,110,656	(523,819)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	1,400,000	1,400,000	2,800,000	0
Transfers Out to Other Funds	0	(139,400)	(139,400)	0
Net Cash Provided by Noncapital Financing Activities	1,400,000	1,260,600	2,660,600	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Capital Assets	(556,330)	(4,577,979)	(5,134,309)	0
Capital Contributions	528,226	4,093,352	4,621,578	0
Ohio Water Development Authority Loans Issued	1,492,731	51,611	1,544,342	0
Ohio Public Works Commission Loans Issued	0	695,494	695,494	0
Principal Paid on				
Ohio Water Development Authority Loans	(1,174,858)	(1,461,457)	(2,636,315)	0
Principal Paid on				
Ohio Public Works Commission Loan	(95,588)	(116,325)	(211,913)	0
Interest Paid on All Debt	(105,782)	(403,642)	(509,424)	0
Net Cash Provided by (Used) for				
Capital and Related Financing Activities	88,399	(1,718,946)	(1,630,547)	0
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	18,076	0	18,076	7,196
Net Cash Provided by Investing Activities	18,076	0	18,076	7,196
Net Increase (Decreased) in Cash and Cash Equivalents	1,944,985	1,213,800	3,158,785	(516,623)
Cash and Cash Equivalents at Beginning of Year	10,209,185	9,442,135	19,651,320	2,394,330
Cash and Cash Equivalents at End of Year	\$12,154,170	\$10,655,935	\$22,810,105	\$1,877,707

(Continued)

# CITY OF OREGON, OHIO

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	(\$1,158,531)	\$364,467	(\$794,064)	(\$715,537)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,719,068	1,344,628	3,063,696	0
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	(79,264)	13,896	(65,368)	0
Decrease in Interfund Loan Receivable	17,040	0	17,040	0
Decrease (Increase) in Inventory	(12,151)	3,398	(8,753)	0
Increase in Prepaid Items	(15,336)	(14,839)	(30,175)	0
Decrease in Deferred Outflows of Resources	675,851	456,375	1,132,226	0
Increase in Net OPEB Asset	(101,224)	(68,023)	(169,247)	0
Increase (Decrease) in Accounts Payable	(7,510)	(15,702)	(23,212)	1,159
Increase (Decrease) in Accrued Wages and Benefits	2,778	(1,234)	1,544	190,559
Decrease in Net Pension Liability	(584,952)	(397,269)	(982,221)	0
Decrease in Net OPEB Liability	(74,669)	(50,361)	(125,030)	0
Increase in Deferred Inflows of Resources	35,502	23,996	59,498	0
Increase in Compensated Absences	21,908	12,814	34,722	0
Total Adjustments	1,597,041	1,307,679	2,904,720	191,718
Net Cash Provided (Used) by Operating Activities	\$438,510	\$1,672,146	\$2,110,656	(\$523,819)

## Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2024, the Water Fund and the Sewer Fund had outstanding liabilities of \$634,796 and \$34,474, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

## ***CITY OF OREGON, OHIO***

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### ***Statement of Fiduciary Net Position*** ***Fiduciary Funds*** ***December 31, 2024***

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	<u>Custodial Funds</u>
<b>Assets:</b>	
Cash and Cash Equivalents	<u>\$ 56,171</u>
<b>Liabilities:</b>	
Intergovernmental Payable	<u>\$ 56,171</u>

See accompanying notes to the basic financial statements

## ***CITY OF OREGON, OHIO***

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

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	Custodial Funds
<b>Additions:</b>	
Contributions:	
Income Taxes Collected for Distribution	\$ 67,786
Fines, Licenses and Permits for Distribution	1,050,925
Deposits Received	56,893
Total Additions	1,175,604
<b>Deductions:</b>	
Distributions to Other Governments	1,175,604
Total Deductions	1,175,604
Change in Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	\$ 0
See accompanying notes to the basic financial statements	

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Oregon, Ohio (the "City") was incorporated in 1838 under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1958 and has been amended several times, most recently in 2002.

##### **A. Reporting Entity**

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2024 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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 includes the following services: police and fire protection, emergency medical, parks, recreation, cemetery, planning, zoning, street maintenance, judicial administration and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system, which are reported as enterprise funds.

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

##### **B. Basis of Presentation - Fund Accounting**

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:

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting (Continued)**

*Governmental Funds* - Governmental funds are those funds through which most governmental functions are typically financed. Governmental funds are reported using the flow of current financial resources measurement focus. 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.

Street/Recreation Fund – This fund is used to account for revenues received from various sources to be used for street and recreation projects within the City.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed or assigned to expenditures for principal and interest.

*Proprietary Funds* - All proprietary funds are reported using the flow of 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.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting (Continued)**

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 three internal service funds, the Self Insurance Dental / Emergency Room Fund, the Workers' Compensation Fund and the Medical Spending Fund. These funds are used to account for monies received from city departments to cover the costs related to the self insurance program, potential liabilities for workers' compensation and for deposits from the employees into the medical cafeteria plan.

Fiduciary 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 four custodial funds. The four funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Ohio Board of Building Standards Assessment Fund, which accounts for assessed funds as required by the Ohio Revised Code, the Income Tax Joint District Fund, which accounts for income tax funds to be distributed between the City of Oregon and the City of Northwood and the Lucas County Water Collection Fund, which accounts for a portion of the revenue from Lucas County users of the City of Oregon's water.

##### **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 activity of the internal service funds is 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 and the accrual basis of accounting. 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.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation – Financial Statements (Continued)**

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. Certain indirect costs are included in the program expenses reported for individual functions and activities.

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.

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 reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting (Continued)**

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. 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 general long-term debt which is recognized when due.

Revenues resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

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. Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, special assessment, and state levied locally shared taxes (including motor vehicle license fees, and local government assistance). Other revenues, including licenses, permits, certain charges for services and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

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.

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 are recognized when they are incurred. Government-Wide Statements are also prepared using the accrual basis of accounting.

## **CITY OF OREGON, OHIO**

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **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 a deferred charge on refunding in the proprietary statements of net position that qualifies for reporting in this category. 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. For the City, deferred outflows of resources have been reported for the following items related to the City's net pension and other postemployment benefits (OPEB) liability/asset: (1) net difference between projected and actual investment earnings on pension plan investments, (2) the City's contributions to the pension systems subsequent to the measurement date and (3) differences between the City's contributions and the City's proportionate share of contributions. The City's deferred outflows of resources related to pension and OPEB are further discussed in Notes 11 and 12.

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, state levied shared taxes, interest and other revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also reports deferred inflows of resources for the differences between expected and actual experience related to the City's net pension and OPEB liability/asset. This deferred inflows of resources are only reported on the government-wide statement of net position and in the proprietary funds financial statements. The deferred inflows of resources related to pension and OPEB are further discussed in Notes 11 and 12.

## ***CITY OF OREGON, OHIO***

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

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#### **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 allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of City Council.

##### **1. 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 statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2024.

##### **2. 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 legal level. 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 departments and objects within a fund may be modified during the year only by an ordinance of City Council. During 2024 several supplemental appropriations were necessary to budget the use of contingency funds, major capital improvement projects and intergovernmental grant proceeds. 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 Balances--Budget and Actual—for the General 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 OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **F. Budgetary Process** (Continued)

##### **3. 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 constrain 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.

##### **4. 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.

##### **5. 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 the 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 a 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 OREGON, 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)

##### 5. 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:

	Net Change In Fund Balance
	<u>General Fund</u>
GAAP Basis (as reported)	(\$4,289,005)
Increase (Decrease):	
Accrued Revenues at December 31, 2024 received during 2025	(2,369,089)
Accrued Revenues at December 31, 2023 received during 2024	2,612,435
Accrued Expenditures at December 31, 2024 paid during 2025	2,763,796
Accrued Expenditures at December 31, 2023 paid during 2024	(1,327,502)
2023 Adjustment to Fair Value	(2,283,734)
2024 Adjustment to Fair Value	737,469
2023 Prepaids for 2024	534,810
2024 Prepaids for 2025	(547,055)
Outstanding Encumbrances	(1,941,668)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	<u>(3,723)</u>
Budget Basis	<u><u>(\$6,113,266)</u></u>

##### **G. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, short-term certificates of deposit and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements. The certificates of deposit are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **G. Cash and Cash Equivalents** (Continued)

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."

##### **H. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and the Oregon Municipal Code. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2024. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on December 31, 2024.

##### **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. Prepaid Items**

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

## CITY OF OREGON, OHIO

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

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **K. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

##### **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*”, has been reported.

Contributed capital assets are measured at their 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, curbs and gutters, 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 their 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 proprietary funds.

##### **3. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. 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	20 - 40
Improvements other than Buildings/Infrastructure	10 - 50
Machinery, Equipment, Vehicles	3 - 10

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## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **L. 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 Sewer Fund
Ohio Water Development Authority Loans	Special Assessment Bond Retirement Fund Sewer Fund, Water Fund
Ohio Public Works Commission Loan	General Obligation Bond Retirement Fund Sewer Fund, Water Fund
Workers Compensation Liability	Workers Compensation Fund
Promissory Notes	General Obligation Bond Retirement Fund
Police and Firemen's Pension Accrued Liability	General Fund
Compensated Absences	General Fund Emergency Medical Services Operating Fund Recreation Fund, Water Fund, Sewer Fund
Financing Obligation	Street Recreation Building Fund
Pension and OPEB Liabilities	General Fund Water Fund, Sewer Fund

##### **M. Compensated Absences**

All full-time City employees earn vacation at varying rates based upon length of service. Carryovers are allowed by contracts up to 40 hours for bargaining contracts and 120 hours for non-bargaining legislation. Any additions require legislative approval. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance.

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement from the City's service, an employee receives one hour of monetary compensation for each two hours of unused sick leave. The monetary compensation is equal to the hourly rate of compensation of the employee at the time of retirement.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **M. Compensated Absences (Continued)**

GASB Statement No. 101, “*Compensated Absences*”, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability.

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.

##### **N. 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 of 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.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **O. 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.

*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 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) 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.

##### **P. 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.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Q. 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.

##### **R. Estimates**

The preparation of financial statements in conformity with GAAP 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.

##### **S. 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 and maintenance of storm water collection systems. 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.

##### **T. Contributions of Capital**

Contributions of capital in proprietary fund financial statements and for governmental activities arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements and on the statement of activities.

##### **U. Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

## CITY OF OREGON, OHIO

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

#### **NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF 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.

##### **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
Net Position December 31, 2023, as Previously Reported	\$110,969,005	\$66,932,041	\$41,360,893	\$25,127,442
Adjustments:				
Implementation of GASB 101	(161,271)	55,235	26,380	28,855
Restated Net Position December 31, 2023	<u>\$110,807,734</u>	<u>\$66,987,276</u>	<u>\$41,387,273</u>	<u>\$25,156,297</u>

#### **NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**Fund Deficit** - The fund deficit of \$427,350 in the Cedar Point TIF Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis and from the posting of an interfund loan payable on the modified accrual basis. The deficit does not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

# CITY OF OREGON, 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, 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	Street/ Recreation Building Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Principal	\$0	\$0	\$69,785	\$69,785
Prepaid Items	547,055	0	35,399	582,454
Supplies Inventory	468,649	0	0	468,649
Total Nonspendable	<u>1,015,704</u>	<u>0</u>	<u>105,184</u>	<u>1,120,888</u>
Restricted:				
Special Assessment Debt Service Payments	0	0	674,077	674,077
Street Construction and Maintenance	0	0	917,545	917,545
State Highway Improvement	0	0	33,300	33,300
Permissive Auto Tax	0	0	59,414	59,414
One Ohio	0	0	119,440	119,440
Drug Law Enforcement and Education	0	0	1,657	1,657
Police Grants	0	0	24,401	24,401
Police Levy	0	0	362,706	362,706
Drug Law Enforcement	0	0	68,847	68,847
DUI and Seatbelt Grant	0	0	23,398	23,398
Fire Operation	0	0	2,375,991	2,375,991
Federal Equity Sharing	0	0	97,424	97,424
EMS Operating	0	0	96,401	96,401
Indigent Drivers Alcohol Treatment	0	0	17,687	17,687
City Recreation	0	0	110,009	110,009
Legal Computer Research	0	0	93,386	93,386
Court Special Projects	0	0	180,433	180,433
Probation Services	0	0	156,325	156,325
IDIAMF	0	0	6,896	6,896
Housing Assistance	0	0	25,600	25,600
Cedar Point Development	0	0	150,328	150,328
Revolving Loan	0	0	234,342	234,342
Solid Waste	0	0	2,458,482	2,458,482
Storm Sewer Projects	0	0	3,410,623	3,410,623
Street Lighting	0	0	846,488	846,488
Sewer Maintenance	0	0	43,790	43,790
Street Construction	0	0	994,825	994,825
Street, Recreation and Building	0	1,497,384	0	1,497,384
General Bond Retirement	0	0	112,460	112,460
Total Restricted	<u>0</u>	<u>1,497,384</u>	<u>13,696,275</u>	<u>15,193,659</u>

## CITY OF OREGON, OHIO

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

#### NOTE 4 – FUND BALANCE CLASSIFICATION (Continued)

Fund Balances	General Fund	Street/ Recreation Building Fund	Other Governmental Funds	Total Governmental Funds
Committed:				
Payroll Stabilization	1,470,577	0	0	1,470,577
50th Anniversary	0	0	12,174	12,174
City Recreation	0	0	33,645	33,645
Hazardous Waste	0	0	413,907	413,907
Fire Pumper	0	0	28,313	28,313
Storm Sewer Construction	0	0	1,689,700	1,689,700
Total Committed	1,470,577	0	2,177,739	3,648,316
Assigned:				
Fiscal Year 2024 Appropriations	4,928,982	0	0	4,928,982
Purchase Orders	546,560	0	0	546,560
Total Assigned	5,475,542	0	0	5,475,542
Unassigned (deficit)	20,525,377	0	(427,350)	20,098,027
Total Fund Balances	\$28,487,200	\$1,497,384	\$15,551,848	\$45,536,432

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

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**NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents 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.

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).

# CITY OF OREGON, 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 is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be 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.

At year end the carrying amount of the City's deposits was \$17,583,078 and the bank balance was \$18,323,671. Federal depository insurance covered \$250,000 of the bank balance and \$18,073,671 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.

#### 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
FHLB	\$15,411,015	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	\$3,705,940	\$10,669,888	\$1,035,187
FHLMC	6,012,874	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	1,633,566	2,684,461	1,694,847
FNMA	2,974,723	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	451,459	1,738,360	784,904
FFCB	4,810,219	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	3,145,143	966,560	698,516
U.S. Treasury Notes	2,401,915	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	482,825	709,013	1,210,077
Negotiable CD's	5,343,032	AA+ <sup>1</sup>	Level 1	1,448,996	3,648,005	246,031
STAR Ohio	14,417,442	AAAm <sup>1</sup>	N/A	14,417,442	0	0
Total Investments	<u>\$51,371,220</u>			<u>\$25,285,371</u>	<u>\$20,416,287</u>	<u>\$5,669,562</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

## CITY OF OREGON, OHIO

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

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

##### **B. Investments** (Continued)

*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 investments in FHLB, FHLMC, FNMA, FFCB securities and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Investments in Star Ohio were rated AAAm by Standard & Poor's.

*Custodial Credit Risk* – The City's investments in FHLB, FHLMC, FNMA, FFCB securities and U.S. Treasury Notes in the amounts of \$15,411,015, \$6,012,874, \$2,974,723, \$4,810,219 and \$2,401,915, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 30% are FHLB, 12% are FHLMC, 6% are FNMA, 9% are FFCB, 5% are U.S. Treasury Notes, 10% are negotiable CD's and 28% is Star Ohio.

##### **C. Reconciliation of Cash, Cash Equivalents and Investments**

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

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$68,954,298	\$0
Investments:		
All Other Investments	(36,953,778)	36,953,778
STAR Ohio	(14,417,442)	14,417,442
Per Footnote	<u>\$17,583,078</u>	<u>\$51,371,220</u>

#### 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 revalued every six years. The last revaluation was completed in 2024 and the equalization adjustment was completed in 2021. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by July 31.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 6 - TAXES (Continued)**

##### **A. Property Taxes (Continued)**

Public utility real 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 Lucas County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Oregon. The County Auditor periodically remits to the City its portion of the taxes collected.

The full property tax rate for all City operations for the year ended December 31, 2024 was \$2.50 per \$1,000 of assessed value. The assessed value upon which the 2024 tax receipts were based was \$600,999,840. This amount constitutes \$534,527,660 in real property assessed value and \$66,472,180 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 0.250% (2.50 mills) of assessed value.

##### **B. Income Tax**

The City levies a tax of 2.25% 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 the total amount assessed. Employers within the City are required to withhold income tax on employee 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.

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## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 7 – TAX ABATEMENT DISCLOSURES**

##### **Real Estate Tax Abatements**

As of December 31, 2024, the City of Oregon provides tax incentives under three programs: Tax Increment Financing (TIF), Enterprise Zone (EZ), and Community Reinvestment Area (CRA).

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment area titled the Cedar Point Development Park Reinvestment Area. In general, this Community Reinvestment Area includes properties rezoned as C-I Commercial/Industrial bounded by Cedar Point Road, Lallendorf Road, Wynn Road and Corduroy Road, and A-1 Agricultural properties segregated in the Lallendorf Road and Corduroy Road corner, and on Seaman Road along the Southern border of the district, within the City of Oregon. The City of Oregon authorizes incentives through the passage of public ordinances, based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand businesses located in the City, and retain or create new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from commercial and industrial improvements consistent with the applicable zoning regulations.

The City of Oregon also contracts with the Oregon City School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2024.

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## CITY OF OREGON, OHIO

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

#### NOTE 7 – TAX ABATEMENT DISCLOSURES (Continued)

##### Real Estate Tax Abatements (Continued)

Property Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2024 In Actual Dollars)
<i>Oregon Holdings One LLC (2015 - 2025) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2024	\$38,124
<i>Ohio Refining Company LLC (2019 - 2041) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2024	54,139
<i>Alpont LLC (2020 - 2035) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2024	28,472
<i>BP-Husky Refining LLC A DE LLC (2011 - 2041) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2024	240,516
<i>BP-Husky Refining LLC (2011 - 2041) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2024	48,523
<i>Oregon Clean Energy LLC (2017 - 2032) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2024	202,438
<i>Oregon Lodging TPS LLC (2019 - 2029) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2024	107,645
<i>5434 Navarre Avenue LLC (2019 - 2029) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2024	28,380
<i>Menard Inc. (2008 - 2038) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2024	224,287
<i>Oregon Holdings Five LLC (2009 - 2039) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2024	75,124
	<u>\$1,047,648</u>

## ***CITY OF OREGON, 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, leases, interest, accounts receivable, special assessments and intergovernmental receivables.

#### **NOTE 9 - INTERFUND TRANSFERS**

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

Transfers In:				
	Other Governmental Funds	Water Fund	Sewer Fund	Total
Transfers Out:				
General Fund	\$410,000	\$1,400,000	\$1,400,000	\$3,210,000
Other Governmental Funds	2,603,228	0	0	2,603,228
Sewer Fund	139,400	0	0	139,400
	<u>\$3,152,628</u>	<u>\$1,400,000</u>	<u>\$1,400,000</u>	<u>\$5,952,628</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Transfers of \$2,660,600 were eliminated on the entity-wide statement of activities since they were within the governmental and business-type activities.

Transfers from the Other Governmental Funds to the Other Governmental Funds were used for capital projects such as highway and street improvements.

Transfers from the Sewer Fund to the Other Governmental Funds were used for maintenance to the sewer lines.

# CITY OF OREGON, OHIO

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

### NOTE 10 - CAPITAL ASSETS

#### A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets for the year ended December 31, 2024 was as follows:

*Historical Cost:*

Class	December 31, 2023	Additions	Deletions	December 31, 2024
<i>Capital assets not being depreciated:</i>				
Land	\$4,882,030	\$4,795,843	\$0	\$9,677,873
Construction in Progress	26,447,922	4,772,825	(11,371,880)	19,848,867
Subtotal	<u>31,329,952</u>	<u>9,568,668</u>	<u>(11,371,880)</u>	<u>29,526,740</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	10,468,740	0	0	10,468,740
Buildings and Improvements	13,986,728	8,390,317	(56,033)	22,321,012
Machinery and Equipment	6,032,663	390,482	(284,573)	6,138,572
Vehicles	10,830,081	226,984	(356,859)	10,700,206
Infrastructure	98,952,479	3,359,904	(55,402)	102,256,981
Subtotal	<u>140,270,691</u>	<u>12,367,687</u>	<u>(752,867)</u>	<u>151,885,511</u>
Total Cost	<u>\$171,600,643</u>	<u>\$21,936,355</u>	<u>(\$12,124,747)</u>	<u>\$181,412,251</u>

*Accumulated Depreciation:*

Class	December 31, 2023	Additions	Deletions	December 31, 2024
Land Improvements	(\$4,020,105)	(\$286,840)	\$0	(\$4,306,945)
Buildings and Improvements	(7,945,416)	(522,681)	39,904	(8,428,193)
Machinery and Equipment	(4,914,505)	(307,178)	279,357	(4,942,326)
Vehicles	(9,267,665)	(580,414)	356,859	(9,491,220)
Infrastructure	(40,136,573)	(2,244,352)	55,402	(42,325,523)
Total Depreciation	<u>(\$66,284,264)</u>	<u>(\$3,941,465) *</u>	<u>\$731,522</u>	<u>(\$69,494,207)</u>
Capital assets being depreciated, net:	<u>73,986,427</u>	<u>8,426,222</u>	<u>(21,345)</u>	<u>82,391,304</u>
<i>Net Value:</i>	<u>\$105,316,379</u>			<u>\$111,918,044</u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$582,007
Public Health and Welfare Services	18,964
Leisure Time Activities	255,133
Community Environment	1,219
Transportation	2,771,783
General Government	312,359
Total Depreciation Expense	<u>\$3,941,465</u>

# CITY OF OREGON, OHIO

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

### NOTE 10 - CAPITAL ASSETS (continued)

#### **B. Business-Type Activities Capital Assets**

Summary by category of changes in business-type activities for the year ended December 31, 2024 was as follows:

##### *Historical Cost:*

Class	December 31, 2023	Additions	Deletions	December 31, 2024
<i>Capital assets not being depreciated:</i>				
Land	\$756,016	\$0	\$0	\$756,016
Construction in Progress	5,011,113	3,881,788	(7,181,794)	1,711,107
Subtotal	5,767,129	3,881,788	(7,181,794)	2,467,123
<i>Capital assets being depreciated:</i>				
Buildings and Distributions	151,981,053	8,171,075	0	160,152,128
Machinery and Equipment	16,185,870	184,240	0	16,370,110
Vehicles	1,376,148	38,230	(44,178)	1,370,200
Subtotal	169,543,071	8,393,545	(44,178)	177,892,438
Total Cost	\$175,310,200	\$12,275,333	(\$7,225,972)	\$180,359,561

##### *Accumulated Depreciation:*

Class	December 31, 2023	Additions	Deletions	December 31, 2024
Buildings and Distributions	(\$76,002,498)	(\$1,402,483)	\$0	(\$77,404,981)
Machinery and Equipment	(13,360,282)	(1,344,628)	0	(14,704,910)
Vehicles	(1,227,472)	(316,585)	44,178	(1,499,879)
Total Depreciation	(\$90,590,252)	(\$3,063,696)	\$44,178	(\$93,609,770)
Capital assets being depreciated, net:	78,952,819	5,329,849	0	84,282,668
<i>Net Value:</i>	\$84,719,948			\$86,749,791

## **CITY OF OREGON, OHIO**

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

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#### **NOTE 11 – 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 OREGON, OHIO

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

#### NOTE 11 – 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):

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

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 OREGON, OHIO

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

#### **NOTE 11 – 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>
<b>2024 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2024 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
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 \$1,283,550 for 2024.

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 11 – 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](http://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 OREGON, OHIO

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

### **NOTE 11 – 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>
<b>2024 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
<b>2024 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<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 \$1,469,470 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&amp;F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$14,539,809	\$22,463,996	\$37,003,805
Proportion of the Net Pension Liability-2024	0.055537%	0.232513%	
Proportion of the Net Pension Liability-2023	0.058077%	0.246772%	
Percentage Change	<u>(0.002540%)</u>	<u>(0.014258%)</u>	
Pension Expense	\$1,157,823	\$2,476,993	\$3,634,816

# CITY OF OREGON, OHIO

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

### NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$0	\$1,419,701	\$1,419,701
Differences between expected and actual experience	237,641	721,162	958,803
Net difference between projected and actual earnings on pension plan investments	2,934,756	2,545,642	5,480,398
Change in proportionate share	0	1,829,033	1,829,033
City contributions subsequent to the measurement date	1,283,550	1,469,470	2,753,020
Total Deferred Outflows of Resources	<u>\$4,455,947</u>	<u>\$7,985,008</u>	<u>\$12,440,955</u>
<b>Deferred Inflows of Resources</b>			
Changes in assumptions	\$0	\$341,143	\$341,143
Differences between expected and actual experience	0	251,236	251,236
Change in proportionate share	388,473	1,400,762	1,789,235
Total Deferred Inflows of Resources	<u>\$388,473</u>	<u>\$1,993,141</u>	<u>\$2,381,614</u>

\$2,753,020 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	\$441,835	\$1,262,774	\$1,704,609
2026	887,188	1,380,582	2,267,770
2027	1,872,796	1,965,314	3,838,110
2028	(417,895)	(8,020)	(425,915)
2029	0	(81,303)	(81,303)
2030	0	3,050	3,050
Total	<u>\$2,783,924</u>	<u>\$4,522,397</u>	<u>\$7,306,321</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 OREGON, OHIO

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

#### NOTE 11 – 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 OREGON, OHIO

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

#### **NOTE 11 – 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	\$22,889,575	\$14,539,809	\$7,595,240

## CITY OF OREGON, OHIO

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

#### NOTE 11 – 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 OREGON, OHIO

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

#### NOTE 11 – 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:

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

Note: Assumptions are geometric.

\* levered 2.0x

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

## CITY OF OREGON, OHIO

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

#### NOTE 11 – 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	\$29,755,233	\$22,463,996	\$16,400,619

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

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**NOTE 12 - 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 OREGON, OHIO***

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

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#### **NOTE 12 - 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 OREGON, OHIO***

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

#### **NOTE 12 - 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:

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
<b>Age and Service Requirements December 1, 2014 or Prior</b>	<b>Age and Service Requirements December 1, 2014 or Prior</b>	<b>Age and Service Requirements December 1, 2014 or Prior</b>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
<b>January 1, 2015 through December 31, 2021</b>	<b>January 1, 2015 through December 31, 2021</b>	<b>January 1, 2015 through December 31, 2021</b>
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 OREGON, OHIO***

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

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#### **NOTE 12 - 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 OREGON, OHIO***

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

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#### **NOTE 12 - 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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The 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 OREGON, OHIO

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

#### **NOTE 12 - 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 \$35,443 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)	(\$498,057)	\$1,697,649	\$1,199,592
Proportion of the Net OPEB Liability (Asset) -2024	0.055185%	0.232513%	
Proportion of the Net OPEB Liability (Asset) -2023	0.057393%	0.246772%	
Percentage Change	(0.002208%)	(0.014258%)	
OPEB Expense	(\$49,485)	\$67,273	\$17,788

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# CITY OF OREGON, OHIO

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

### **NOTE 12 - 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
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$128,224	\$584,180	\$712,404
Differences between expected and actual experience	0	81,636	81,636
Net difference between projected and actual earnings on OPEB plan investments	299,112	125,357	424,469
Change in proportionate share	0	334,871	334,871
City contributions subsequent to the measurement date	0	35,443	35,443
Total Deferred Outflows of Resources	<u>\$427,336</u>	<u>\$1,161,487</u>	<u>\$1,588,823</u>
<b>Deferred Inflows of Resources</b>			
Changes in assumptions	\$214,100	\$1,093,246	\$1,307,346
Differences between expected and actual experience	70,885	311,979	382,864
Change in proportionate share	0	275,581	275,581
Total Deferred Inflows of Resources	<u>\$284,985</u>	<u>\$1,680,806</u>	<u>\$1,965,791</u>

\$35,443 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	(\$12,640)	(\$25,032)	(\$37,672)
2026	23,157	(57,021)	(33,864)
2027	232,832	(24,965)	207,867
2028	(100,998)	(125,698)	(226,696)
2029	0	(134,086)	(134,086)
2030	0	(159,661)	(159,661)
2031	0	(28,240)	(28,240)
2032	0	(59)	(59)
Total	<u>\$142,351</u>	<u>(\$554,762)</u>	<u>(\$412,411)</u>

## CITY OF OREGON, OHIO

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

#### NOTE 12 - 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 OREGON, OHIO

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

#### NOTE 12 - 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 OREGON, OHIO

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

#### NOTE 12 - 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)	\$273,718	(\$498,057)	(\$1,137,363)

***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)	(\$518,739)	(\$498,057)	(\$474,591)

## CITY OF OREGON, OHIO

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

#### NOTE 12 - 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 OREGON, OHIO

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

#### **NOTE 12 - 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 OREGON, OHIO

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

#### NOTE 12 - 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	\$2,091,035	\$1,697,649	\$1,366,344

**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 OREGON, OHIO

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

### NOTE 13 - COMPENSATED ABSENCES

GASB Statement No. 101, “*Compensated Absences*”, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability.

At December 31, 2024, the City's accumulated, unpaid compensated absences amounted to \$3,821,554 of which \$2,899,192 is recorded as a liability of the Governmental Activities and \$922,362 is recorded as a liability of the Business-Type Activities.

### NOTE 14 - LONG-TERM LIABILITIES

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

Date Purchased			Maturity Date	Balance December 31, 2023	Issued	(Retired)	Balance December 31, 2024	Amount Due Within One Year
Governmental Activities Long-Term Liabilities:								
General Obligation Bonds:								
2020	2.00%	Wheeling Street Improvement	2030	\$1,680,000	\$0	(\$215,000)	\$1,465,000	\$225,000
2020	2.00%	Big Ditch/Stadium	2032	1,495,000	0	(150,000)	1,345,000	150,000
2020	2.00%	Fire Station	2046	4,975,000	0	(175,000)	4,800,000	185,000
		Premium		128,648	0	(5,848)	122,800	0
2021	2.00%	Fire Station	2046	1,410,000	0	(50,000)	1,360,000	55,000
		Premium		24,229	0	(1,053)	23,176	0
2021	2.00%	Town Center	2046	5,505,000	0	(200,000)	5,305,000	205,000
		Premium		93,187	0	(4,438)	88,749	0
2021	2.00%	Bikeway Connector	2046	525,000	0	(60,000)	465,000	65,000
		Premium		28,862	0	(1,255)	27,607	0
2024	6.00%	Piper Improvements	2046	0	4,500,000	0	4,500,000	0
Total General Obligation Bonds				15,864,926	4,500,000	(862,594)	19,502,332	885,000

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# CITY OF OREGON, OHIO

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

### NOTE 14 - LONG-TERM LIABILITIES (Continued)

Date Purchased			Maturity Date	Restated Balance December 31, 2023	Issued	(Retired)	Balance December 31, 2024	Amount Due Within One Year
Governmental Activities Long-Term Liabilities:								
Ohio Public Works Commission Loan:								
2011	0.00%	Big Ditch Improvement	2031	\$191,520	\$0	(\$23,940)	\$167,580	\$23,940
2013	0.00%	Oregon Flood Relief	2034	385,032	0	(35,003)	350,029	35,003
2015	0.00%	Resurfacing Project	2025	16,051	0	(8,024)	8,027	8,027
Total Ohio Public Works Commission Loans				592,603	0	(66,967)	525,636	66,970
2024	Long-Term Note:							
	4.13%	Johlin Note		0	1,976,951	0	1,976,951	464,652
Long-Term Loan Payable:								
2015	0.39%	Toledo Lucas County Port Authority	2028	746,367	0	(129,822)	616,545	133,467
Compensated Absences				2,753,275	1,809,925	(1,664,008)	2,899,192	969,985
Financing Obligations				4,940,278	0	(316,932)	4,623,346	316,932
Workers Compensation Liability				0	0	0	0	0
Police and Firemen's Pension Accrued Liability				29,786	0	(2,074)	27,712	2,163
Net Pension Liability				34,672,152	0	(2,610,863)	32,061,289	0
Net OEPB Liability				1,993,787	0	(296,138)	1,697,649	0
Total Governmental Activities Long-Term Liabilities				\$61,593,174	\$8,286,876	(\$5,949,398)	\$63,930,652	\$2,839,169

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# CITY OF OREGON, OHIO

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

### NOTE 14 - LONG-TERM LIABILITIES (Continued)

Date Purchased		Maturity Date	Restated Balance December 31, 2023	Issued	(Retired)	Balance December 31, 2024	Amount Due Within One Year
<b>Business-Type Long-Term Liabilities:</b>							
Ohio Public Works Commission Loans:							
2004	0.00%	Water Treatment Plant Improvements - Phase III	2024	\$12,500	\$0	(\$12,500)	\$0
2005	0.00%	Water Treatment Plant Improvements - Phase IV	2025	46,050	0	(30,700)	15,350
2006	0.00%	Water Treatment Plant Improvements - Phase V	2026	10,495	0	(4,194)	6,301
2007	0.00%	South Shore Park Waterline - Phase II	2027	12,793	0	(3,194)	9,599
2009	0.00%	Elevated Storage Tank	2031	180,000	0	(22,500)	157,500
2011	0.00%	Sanitary Sewer Rehabilitation	2031	75,000	0	(10,000)	65,000
2012	0.00%	Sanitary Sewer Rehabilitation	2033	225,000	0	(22,500)	202,500
2007	0.00%	Eastwyck Sanitary Pump Station	2026	29,003	0	(9,664)	19,339
2014	0.00%	Wastewater Treatment Plant Phase I	2035	292,183	0	(24,344)	267,839
2016	0.00%	Wastewater Treatment Plant Phase III	2036	21,869	0	(1,684)	20,185
2016	0.00%	Wastewater Secondary Treatment Plant	2036	560,000	0	(40,000)	520,000
2020	0.00%	Navarre Avenue Waterline Replacement	2036	382,500	0	(22,500)	360,000
2022	0.00%	Sanitary Sewer Rehabilitation Phase V	2042	150,456	0	(8,133)	142,323
2024	0.00%	Sanitary Sewer Disinfection and Grit Removal	2045	0	695,494	0	695,494
Total Ohio Public Works Commission Loans			1,997,849	695,494	(211,913)	2,481,430	184,086
Ohio Water Development Authority Loans:							
2005	3.50%	Stadium Road Sewer	2024	106,241	0	(106,241)	0
2006	3.35%	Pickle Road Sewer	2025	247,341	0	(163,520)	83,821
2011	3.52%	Elevated Storage Tank	2030	1,727,186	0	(240,905)	1,486,281
2013	2.64%	Phase II Sanitary Sewer Rehab	2033	780,719	0	(77,932)	702,787
2007	3.25%	Coy Road Sewer	2027	101,366	0	(32,705)	68,661
2015	3.37%	WWTP Secondary Improvements Phase I	2035	3,927,337	0	(300,411)	3,626,926
2016	1.99%	WWTP Secondary Improvements Phase III	2036	1,043,000	0	(77,767)	965,233
2016	1.58%	WWTP Secondary Improvements Phase II	2037	765,242	0	(53,467)	711,775
2016	0.19%	WWTP Secondary Improvements Phase II	2038	4,830,615	0	(340,801)	4,489,814
2017	2.28%	WWTP Sludge Dewatering	2038	2,183,320	0	(128,631)	2,054,689
2017	2.13%	Sanitary Sewer Rehabilitation 4B	2038	974,964	17,987	(30,625)	962,326
2017	1.88%	Southwest Water Distribution Improvement	2038	1,353,473	0	(82,017)	1,271,456
2017	0.00%	Water Treatment Plant Infrastructure	2038	9,773,245	0	(698,089)	9,075,156
2018	2.15%	Southwest Water Distribution Improvement	2039	1,912,645	0	(105,194)	1,807,451
2019	1.03%	Navarre Avenue Waterline Replacement	2041	2,181,300	0	(114,363)	2,066,937
2020	1.17%	Star Avenue and Norden	2041	738,086	0	(39,484)	698,602
2021	0.70%	Sanitary Sewer Rehabilitation Phase 5	2041	860,333	3,114	(44,163)	819,284
2022	2.23%	WWTP Safety Disinfection	2042	1,386,268	30,510	0	1,416,778
2024	2.88%	Waterline Replacement	2046	0	1,360,539	0	1,360,539
2024	2.78%	WTP Concrete Replacement	2046	0	132,192	0	132,192
Total Ohio Water Development Authority Loans			34,892,681	1,544,342	(2,636,315)	33,800,708	2,486,489
Compensated Absences			887,550	524,763	(489,951)	922,362	349,814
Net Pension Liability			5,924,737	0	(982,221)	4,942,516	0
Net OPEB Liability			125,030	0	(125,030)	0	0
Total Business-Type Activities Long-Term Liabilities			\$43,827,847	\$2,764,599	(\$4,445,430)	\$42,147,016	\$3,020,389

## ***CITY OF OREGON, OHIO***

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

#### **NOTE 14 - LONG-TERM LIABILITIES (Continued)**

##### **A. Police and Firemen's Pension Fund**

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2024 was \$27,712 in principal and \$6,925 in interest payments through the year 2035. Only the principal amount is included in the Governmental Activities Long-Term Debt. This is paid out of the General Fund.

##### **B. Principal and Interest Requirements**

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

<u>Years</u>	<u>Governmental Activities</u>	
	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$885,000	\$231,928
2026	920,000	194,178
2027	1,035,000	355,628
2028	1,055,000	340,778
2029	1,060,000	328,028
2030-2034	3,985,000	1,420,988
2035-2039	3,330,000	1,131,437
2040-2044	3,715,000	771,561
2045-2049	2,255,000	362,311
2050-2053	1,000,000	102,000
Totals	<u>\$19,240,000</u>	<u>\$5,238,837</u>

# CITY OF OREGON, OHIO

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

### NOTE 14 - LONG-TERM LIABILITIES (Continued)

#### B. Principal and Interest Requirements (Continued)

Years	OPWC Loans		<u>Governmental Activities</u> Police/Firemen's Pension Accrued Liability		Long-Term Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$66,970	\$0	\$2,163	\$1,159	\$133,467	\$24,060
2026	58,942	0	2,256	1,066	138,120	18,809
2027	58,942	0	2,353	969	142,778	13,377
2028	58,942	0	2,454	868	202,180	7,762
2029	58,942	0	2,549	763	0	0
2030-2034	187,891	0	14,534	2,066	0	0
2035	35,007	0	1,403	34	0	0
Totals	<u>\$525,636</u>	<u>\$0</u>	<u>\$27,712</u>	<u>\$6,925</u>	<u>\$616,545</u>	<u>\$64,008</u>

Years	<u>Business-Type Activities</u> OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2025	\$2,486,489	\$375,753	\$184,086	\$0
2026	2,479,106	350,290	201,410	0
2027	2,480,217	342,136	189,640	0
2028	2,517,222	337,573	196,110	0
2029	2,546,843	258,792	196,110	0
2030-2034	11,453,195	696,686	795,950	0
2035-2039	6,449,012	492,289	474,754	0
2040-2044	479,115	4,864	208,582	0
2045	0	0	34,788	0
Totals	<u>\$30,891,199</u>	<u>\$2,858,383</u>	<u>\$2,481,430</u>	<u>\$0</u>

The OWDA loans of \$1,416,778, \$1,360,539 and \$132,192, less amount due within one year are not included in the above maturity tables. The construction has started, but the loans are not payable until the construction is completed. At that time, loan payments will be determined.

## ***CITY OF OREGON, OHIO***

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

#### **NOTE 15 - CONSTRUCTION COMMITMENTS**

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

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
Garage Facility	\$71,000	2025
Brown Road Sanitary Sewer Rehab	162,453	2025
Water Treatment Plant - Concrete Replacement	968,656	2025
Total	<u>\$1,202,109</u>	

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## ***CITY OF OREGON, OHIO***

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

#### **NOTE 16 – FINANCING OBLIGATIONS**

In 2019, the City entered into a financed purchase agreement with AMJB LLC for the purchase of property with a value of \$5,951,765 as part of the future development of a downtown center. The ten year agreement is classified as part of the governmental long-term debt. In 2021, the City entered into a financed purchase agreement for police body cameras with a value of \$174,359. The related liabilities are reported in the Government-Wide Statement of Net Position.

The following is a schedule of future payments under the financed purchase agreements as of December 31, 2024:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$342,565	\$128,010	\$470,575
2026	307,693	106,372	414,065
2027	307,693	84,037	391,730
2028	307,693	60,983	368,676
2029	307,692	37,187	344,879
2030	3,050,010	12,156	3,062,166
Total	<u>\$4,623,346</u>	<u>\$428,745</u>	<u>\$5,052,091</u>

#### **NOTE 17 - INSURANCE AND RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In August 2004, the City joined the Ohio Government Risk Management Plan (the "OGRMP"), a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 585 member political subdivisions. The City pays an annual premium to the OGRMP for its general insurance coverage. The agreement for formation of the OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure all claims in excess of a member's deductible through commercial insurance and reinsurance companies.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. There has been no significant reduction in insurance coverages from coverages in 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.

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## CITY OF OREGON, OHIO

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

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#### NOTE 17 - INSURANCE AND RISK MANAGEMENT (Continued)

##### **A. Self Insurance Fund**

The City established an internal service fund, the Self Insurance Fund, to receive payments from each fund based upon employee participation, to cover the cost of participant and dependent coverage under the plan. GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims incurred but not reported at year end were determined to be immaterial, therefore no liability has been recorded. Changes in the fund's claims liability amount for the past three years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2022	\$1,800	\$25,551	(\$25,886)	\$1,465
2023	1,465	20,444	(21,909)	0
2024	0	24,508	(23,349)	1,159

##### **B. Workers' Compensation Internal Service Fund**

The City is a participating member with the Ohio Municipal League Retrospective Rating Program. Retrospective (Retro) Rating is best described as a quasi self-insured program, which shifts a selected level of risk to the employer in return for a reduction in premium. Under the Retro plan employers are responsible for actual claims cost on all claims occurring within the program period. Retro claims have a ten-year life commencing with the date of injury. Claims cost for Retro claims incurred beyond ten years from the date of injury will be assumed by the Bureau. The City has a claims limit of \$200,000 per claim with a billable ceiling of 200% of the premium for 2024. Changes in the Workers' Compensation Internal Service Fund's claims liability for the past three years were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2022	21,518	200,796	(222,135)	179
2023	179	158,774	(158,953)	0
2024	0	265,249	(265,249)	0

## ***CITY OF OREGON, OHIO***

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

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#### **NOTE 18 - CONTINGENCIES**

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.

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

#### **NOTE 19 – ASSET RETIREMENT OBLIGATIONS (ARO)**

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewer system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their wastewater treatment facilities. At this time, due to limitations associated with the existing plant's age and building materials within the plant, the engineer consulted would not have a reasonable estimate to calculate a liability for this year.

#### **NOTE 20 – LEASES RECEIVABLE**

The City of Oregon (Landlord) has entered into a lease agreement with Verizon LLC (Tenant). The lease was for space to place a cell tower for Verizon to provide cell phone service to the surrounding area. As part of the lease agreement, Verizon has agreed to pay the City a monthly fee of \$1,591 through August 1, 2039. 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>Annual Rent</u>
2025	\$19,097
2026	19,097
2027	19,097
2028	19,097
2029	19,097
2030-2034	95,485
2035-2039	89,097
Totals	<u><u>\$280,067</u></u>

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*CITY OF OREGON, OHIO*

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*REQUIRED SUPPLEMENTARY INFORMATION*

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## **CITY OF OREGON, 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	0.067134%	0.064599%	0.066944%	0.066782%
City's proportionate share of the net pension liability	\$8,097,111	\$11,189,300	\$15,201,775	\$10,476,756
City's covered payroll	\$8,348,383	\$9,550,175	\$8,704,300	\$8,898,500
City's proportionate share of the net pension liability as a percentage of its covered payroll	96.99%	117.16%	174.65%	117.74%
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	0.2153935%	0.215371%	0.220761%	0.217110%
City's proportionate share of the net pension liability	\$11,158,281	\$13,854,991	\$13,982,761	\$13,324,995
City's covered payroll	\$4,431,090	\$4,156,127	\$5,013,216	\$5,009,945
City's proportionate share of the net pension liability as a percentage of its covered payroll	251.82%	333.36%	278.92%	265.97%
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, which is the prior year end.

See accompanying notes to required supplementary information

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***CITY OF OREGON, OHIO***

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<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.067617%	0.065318%	0.063067%	0.060844%	0.058077%	0.055537%
\$18,518,923	\$12,910,540	\$9,338,845	\$5,293,670	\$17,155,967	\$14,539,809
\$9,309,743	\$9,207,921	\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057
198.92%	140.21%	105.71%	59.26%	193.14%	148.36%
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>
0.216446%	0.217398%	0.214484%	0.221231%	0.246772%	0.232513%
\$17,667,714	\$14,645,084	\$14,621,574	\$13,821,223	\$23,440,922	\$22,463,996
\$4,867,252	\$4,818,109	\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230
362.99%	303.96%	318.10%	266.90%	355.72%	338.45%
63.07%	69.89%	70.65%	75.03%	62.90%	63.63%

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**CITY OF OREGON, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	2015	2016	2017	2018
Contractually required contribution	\$1,146,021	\$1,044,516	\$1,156,804	\$1,303,364
Contributions in relation to the contractually required contribution	1,146,021	1,044,516	1,156,804	1,303,364
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$9,550,175	\$8,704,300	\$8,898,500	\$9,309,743
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%	14.00%

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	\$834,966	\$1,007,155	\$1,006,498	\$977,831
Contributions in relation to the contractually required contribution	834,966	1,007,155	1,006,498	977,831
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$4,156,127	\$5,013,216	\$5,009,945	\$4,867,252
Contributions as a percentage of covered payroll	20.09%	20.09%	20.09%	20.09%

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

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to required supplementary information

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***CITY OF OREGON, OHIO***

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<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$1,289,109	\$1,236,848	\$1,250,598	\$1,243,552	\$1,372,008	\$1,283,550
<u>1,289,109</u>	<u>1,236,848</u>	<u>1,250,598</u>	<u>1,243,552</u>	<u>1,372,008</u>	<u>1,283,550</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,207,921	\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057	\$9,168,214
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>
\$967,958	\$979,068	\$1,103,020	\$1,403,591	\$1,413,730	\$1,469,470
<u>967,958</u>	<u>979,068</u>	<u>1,103,020</u>	<u>1,403,591</u>	<u>1,413,730</u>	<u>1,469,470</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,818,109	\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230	\$6,898,920
20.09%	21.30%	21.30%	21.30%	21.30%	21.30%

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**CITY OF OREGON, OHIO**

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

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**Ohio Public Employees Retirement System**

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.065835%	0.065929%	0.066812%
City's proportionate share of the net OPEB liability (asset)	\$6,649,605	\$7,159,418	\$8,710,708
City's covered payroll	\$8,704,300	\$8,898,500	\$9,309,743
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76.39%	80.46%	93.57%
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)	0.220761%	0.217110%	0.216446%
City's proportionate share of the net OPEB liability (asset)	\$10,479,013	\$12,301,123	\$1,971,072
City's covered payroll	\$5,013,216	\$5,009,945	\$4,867,252
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.03%	245.53%	40.50%
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 2017 is not available.

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

See accompanying notes to required supplementary information

# ***CITY OF OREGON, OHIO***

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<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.064666%	0.062542%	0.060234%	0.057393%	0.055185%
\$8,932,054	(\$1,114,175)	(\$1,886,618)	\$361,876	(\$498,057)
\$9,207,921	\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057
97.00%	(12.61%)	(21.12%)	4.07%	(5.08%)
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>
0.217398%	0.214484%	0.221231%	0.246772%	0.232513%
\$2,147,397	\$2,272,493	\$2,424,878	\$1,756,941	\$1,697,649
\$4,818,109	\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230
44.57%	49.44%	46.83%	26.66%	25.58%
47.08%	45.42%	46.86%	52.59%	51.89%

## **CITY OF OREGON, 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	\$191,004	\$174,086	\$88,985	\$0
Contributions in relation to the contractually required contribution	191,004	174,086	88,985	0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$9,550,175	\$8,704,300	\$8,898,500	\$9,309,743
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	\$20,781	\$25,066	\$25,101	\$24,316
Contributions in relation to the contractually required contribution	20,781	25,066	25,101	24,316
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$4,156,127	\$5,013,216	\$5,009,945	\$4,867,252
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.

See accompanying notes to required supplementary information

# CITY OF OREGON, OHIO

2019	2020	2021	2022	2023	2024
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0
\$9,207,921	\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057	\$9,168,214
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2019	2020	2021	2022	2023	2024
\$24,083	\$24,189	\$26,788	\$33,982	\$34,281	\$35,443
24,083	24,189	26,788	33,982	34,281	35,443
\$0	\$0	\$0	\$0	\$0	\$0
\$4,818,109	\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230	\$6,898,920
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

## ***CITY OF OREGON, OHIO***

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

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#### **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 OREGON, OHIO***

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

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#### **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 OREGON, OHIO***

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

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#### **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 OREGON, OHIO***

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

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#### **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 OREGON, OHIO***

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

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#### **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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**CITY OF OREGON  
LUCAS COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Passed Through Ohio Department of Justice</i>			
Bulletproof Vest Partnership Program	16.607	N/A	\$5,401
Total U.S. Department of Justice			<b>5,401</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction:			
LUC-COY RD RESURFACING	20.205	PID 116040	500,000
LUC-NAVARRE AVE SAFETY	20.205	PID 118234	92,615
LUC-WYNN & CORDUROY RESURFACE	20.205	PID 118110	500,000
Subtotal Highway Planning and Construction			<b>1,092,615</b>
Total U.S. Department of Transportation			<b>1,092,615</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Department of Budget and Management</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	5CV4	421,219
<i>Passed Through Ohio Department of Public Safety</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ORD187-2022	90,113
<i>Passed Through Ohio Department of Development</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	2,952,680
Total U.S. Department of the Treasury			<b>3,464,011</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
<i>Direct Award</i>			
Economic Adjustment Assistance	11.307	06-79-06152	1,288
Total U.S. Department of Commerce			<b>1,288</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct Award</i>			
Geographic Programs - Great Lakes Restoration Initiative	66.469	00E02987	909,267
Geographic Programs - Great Lakes Restoration Initiative	66.469	00E03146	416,504
Total U.S. Environmental Protection Agency			<b>1,325,771</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$5,889,085</b>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs. The schedule has been prepared using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The City did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Honorable Mayor and the City Council  
City of Oregon, Ohio

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 Oregon, 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 24, 2025. We noted the City adopted new accounting guidance in Government 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

**Report on Compliance and Other Matters**

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

## City's Response to Findings

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

## 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.  
Cincinnati, Ohio  
June 24, 2025

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

Honorable Mayor and the City Council  
City of Oregon, Ohio

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

June 24, 2025

**CITY OF OREGON, OHIO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**2 CFR § 200.515**  
**Year Ended December 31, 2024**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted?

No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

COVID-19 Coronavirus State and Local Fiscal Recovery Funds AL # 21.027  
Geographic Programs – Great Lakes Restoration Initiative AL # 66.469

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

No

**Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS 2024– 001 Finding Type — Material Weakness — Controls Related to Financial Reporting**

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the City’s management. Independent auditors are not part of an entity’s internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

Our audit identified misstatements in the City's financial statements that required adjustment in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

We provided adjustments to the City which corrected the misstatements prior to the issuance of the financial statements. The misstatements related to Governmental Activities capital assets and fund expenses incorrectly coded as capital outlay.

**Recommendation:**

We recommend the City evaluate and implement improvements to internal control policies and procedures over financial reporting for capital assets and coding of expenditures.

**Management's Response:**

The City Agrees.

**Section III – Federal Award Findings and Questioned Costs**

None

**CITY OF OREGON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
Year Ended December 31, 2024**

**Finding 2023-001:**

Material Weakness-Controls Related to Financial Reporting

Condition: Adjustments to financial statements were required to correct capital asset and expenses.

Recommendation: We recommend the City design and implement additional procedures to improve financial reporting.

Current Status: Not Corrected.

**CITY OF OREGON  
5330 Seaman Road  
Oregon, Ohio 43616**

**CORRECTIVE ACTION PLAN  
2 CFR 200.511(c)  
Year Ended December 31, 2024**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2024-001	The City will review the financial statement preparation process and procedures related to capital assets and coding of expenditures. The process will be updated to avoid future adjustments.	FY2025	Nick Roman, Finance Director

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF OREGON**

**LUCAS COUNTY**

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

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



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

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

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