



**CITY OF WILLARD  
HURON COUNTY  
DECEMBER 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

City of Willard  
Huron County  
631 South Myrtle Avenue  
P.O. Box 367  
Willard, Ohio 44890-0367

To the City Council:

### Report on the Audit of the Financial Statements

#### ***Opinions***

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

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

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

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

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

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

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedules, and schedules of net pension and other post-employment benefit liabilities (assets) and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary information***

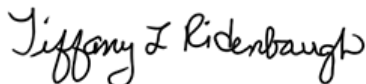
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, 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 September 23, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

September 23, 2025

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**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

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

**Financial Highlights**

Key financial highlights for 2024 are as follows:

- The total net position of the City increased \$5,959,130. Net position of governmental activities increased \$1,368,360 or 7.94% from 2023's restated net position and net position of business-type activities increased \$4,590,770 or 26.87% from 2023's restated net position.
- General revenues accounted for \$6,377,347 or 71.96% of total governmental activities revenue. Program specific revenues accounted for \$2,484,691 or 28.04% of total governmental activities revenue.
- The City had \$7,493,678 in expenses related to governmental activities; \$2,484,691 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$5,008,987 were offset by general revenues (primarily income taxes, property taxes and unrestricted grants and entitlements) of \$6,377,347.
- The general fund had revenues and other financing sources of \$4,719,485 in 2024. The expenditures and other financing uses of the general fund totaled \$4,608,679 in 2024. The net increase in fund balance for the general fund was \$110,806 or 5.33%.
- The safety services income tax fund had revenues of \$1,333,652 in 2024. The expenditures of the safety services income tax fund totaled \$310,044 in 2024. The net increase in fund balance for the safety services income tax fund was \$1,023,608. The fund was opened in 2024 to account for the 0.50% voted income tax restricted to supporting the safety services.
- Net position for the business-type activities, which are made up of the sewer, water and storm water enterprise funds, increased in 2024 by \$4,590,770 from 2023's restated net position. This increase in net position was primarily due to the water fund's participation in the Ohio BUILDS program through the Ohio Department of Development (ODOD). During 2024, the City received \$4,058,654 in capital contribution grant revenue which was used toward the water system improvement construction project.
- In the general fund, the actual revenues and other financing sources came in \$569,603 less than they were in the final budget and actual expenditures were \$1,616,841 less than the amount in the final budget.

**Using this Annual Financial Report**

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

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

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

**Reporting the City as a Whole**

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

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

These two statements report the City's net position and changes in those assets. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer, water and storm water operations are reported here.

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focuses on the City's most significant funds.

***Governmental Funds***

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund and the safety services income tax fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

***Proprietary Funds***

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water and storm water management functions. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its self-insurance program for medical-related employee benefits. The City's sewer and water enterprise funds are considered major funds.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's only fiduciary fund is a custodial fund.

***Notes to the Basic Financial Statements***

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

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund and major special revenue funds budgetary schedules, net pension liability (asset) and net OPEB liability (asset).

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**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

**Government-Wide Financial Analysis**

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2024 and 2023. The net position as of December 31, 2023, was restated as described in Note 3.

	Governmental Activities		Business-type Activities		Total	
		(Restated)		(Restated)		(Restated)
	2024	2023	2024	2023	2024	2023
<b><u>Assets</u></b>						
Current and other assets	\$ 11,474,899	\$ 10,109,826	\$ 10,804,331	\$ 9,094,341	\$ 22,279,230	\$ 19,204,167
Capital assets, net	15,832,850	15,512,486	16,776,488	12,230,673	32,609,338	27,743,159
Total assets	27,307,749	25,622,312	27,580,819	21,325,014	54,888,568	46,947,326
<b><u>Deferred outflows of resources</u></b>						
Pension	2,877,523	2,884,250	415,275	600,207	3,292,798	3,484,457
OPEB	390,056	507,469	39,419	91,141	429,475	598,610
Total deferred outflows of resources	3,267,579	3,391,719	454,694	691,348	3,722,273	4,083,067
<b><u>Liabilities</u></b>						
Current liabilities	766,146	792,616	1,127,616	232,119	1,893,762	1,024,735
Long-term liabilities:						
Due within one year	458,941	417,531	382,083	362,623	841,024	780,154
Net pension liability	8,311,669	7,960,526	1,260,983	1,408,031	9,572,652	9,368,557
Net OPEB liability	447,819	447,923	-	30,183	447,819	478,106
Other amounts	849,554	977,304	3,556,828	2,869,832	4,406,382	3,847,136
Total liabilities	10,834,129	10,595,900	6,327,510	4,902,788	17,161,639	15,498,688
<b><u>Deferred inflows of resources</u></b>						
Property taxes	446,921	357,039	-	-	446,921	357,039
Pension	235,834	328,558	7,112	18,156	242,946	346,714
OPEB	464,108	506,558	25,604	10,901	489,712	517,459
Total deferred inflows of resources	1,146,863	1,192,155	32,716	29,057	1,179,579	1,221,212
<b><u>Net position</u></b>						
Net investment in capital assets	15,395,333	14,965,568	12,320,805	9,339,836	27,716,138	24,305,404
Restricted	4,492,053	3,703,515	71,895	19,721	4,563,948	3,723,236
Unrestricted (deficit)	(1,293,050)	(1,443,107)	9,282,587	7,724,960	7,989,537	6,281,853
Total net position	\$ 18,594,336	\$ 17,225,976	\$ 21,675,287	\$ 17,084,517	\$ 40,269,623	\$ 34,310,493

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

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

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 (asset) or net OPEB liability (asset). 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 (asset) and the net OPEB liability (asset) to equal the City's proportionate share of each plan's collective:

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

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$40,269,623. At year-end, net position was \$18,594,336 and \$21,675,287 for the governmental activities and the business-type activities, respectively.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 59.41% of total assets. Capital assets include land, construction in progress, land improvements, buildings, equipment, vehicles, infrastructure and utility plant in service. The City's net investment in capital assets at December 31, 2024, was \$15,395,333 and \$12,320,805 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$4,563,948, represents resources that are subject to external restriction on how they may be used.

The capital assets and current liabilities of the business-type activities increased significantly from 2023. This was due to the water system improvement construction project and the associated contracts payable and retainage payable. This project is being funded with a combination of grants from the Ohio Department of Development (ODOD) and Ohio Water Development Authority (OWDA) loans.

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**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

The following table shows the changes in net position for 2024 and 2023. The net position as of December 31, 2023, was restated as described in Note 3.

	Activities		Activities		Total	
	2024	Restated 2023	2024	Restated 2023	2024	Restated 2023
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 998,952	\$ 968,921	\$ 5,185,998	\$ 5,454,002	\$ 6,184,950	\$ 6,422,923
Operating grants and contributions	1,091,196	790,285	-	-	1,091,196	790,285
Capital grants and contributions	394,543	459,650	4,058,654	222,575	4,453,197	682,225
Total program revenues	2,484,691	2,218,856	9,244,652	5,676,577	11,729,343	7,895,433
General revenues:						
Property taxes	370,594	392,301	-	-	370,594	392,301
Income taxes	5,081,425	4,802,307	-	-	5,081,425	4,802,307
Permissive motor vehicle tax	55,909	-	-	-	55,909	-
Unrestricted grants and entitlements	238,234	305,566	-	-	238,234	305,566
Investment earnings	338,573	235,572	-	-	338,573	235,572
Change in fair value of investments	200,669	325,156	-	-	200,669	325,156
Miscellaneous	91,943	112,661	-	65	91,943	112,726
Total general revenues	6,377,347	6,173,563	-	65	6,377,347	6,173,628
Total revenues	8,862,038	8,392,419	9,244,652	5,676,642	18,106,690	14,069,061
<b>Expenses</b>						
General government	883,976	829,482	-	-	883,976	829,482
Security of persons and property	4,606,638	4,153,106	-	-	4,606,638	4,153,106
Public health and welfare	15,162	9,847	-	-	15,162	9,847
Transportation	920,866	904,617	-	-	920,866	904,617
Community environment	677,496	511,884	-	-	677,496	511,884
Leisure time activity	389,540	351,877	-	-	389,540	351,877
Sewer	-	-	2,529,299	2,357,678	2,529,299	2,357,678
Water	-	-	2,124,583	1,925,905	2,124,583	1,925,905
Total expenses	7,493,678	6,760,813	4,653,882	4,283,583	12,147,560	11,044,396
Change in net position	1,368,360	1,631,606	4,590,770	1,393,059	5,959,130	3,024,665
Net position at beginning of year (restated)	17,225,976	N/A	17,084,517	N/A	34,310,493	N/A
Net position at end of year	\$ 18,594,336	\$ 17,225,976	\$ 21,675,287	\$ 17,084,517	\$ 40,269,623	\$ 34,310,493

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

**Governmental Activities**

Governmental activities net position increased \$1,368,360 in 2024.

Overall, expenses of the governmental activities increased \$732,865 or 10.84%. This increase was primarily in security of persons and property. Due to the passage of an additional 0.50% voted income tax levy to support safety services, the City was able to add personnel.

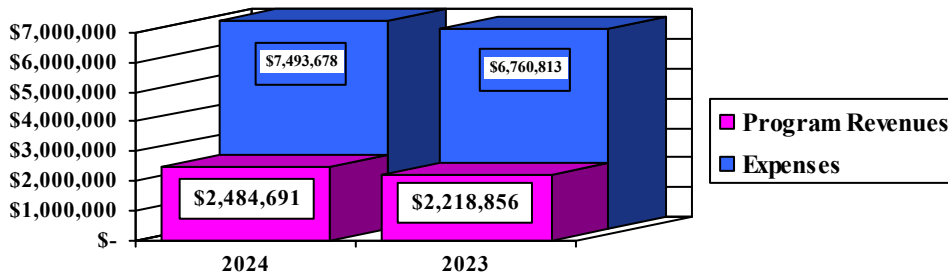
Security of persons and property which primarily supports the operations of the police and fire department accounted for \$4,606,638 or 61.47% of the total expenses of the City. Security of persons and property expenses were partially funded by \$686,752 in direct charges to users of the services, \$407,652 in operating grants and contributions and \$74,621 in capital grants and contributions. General government expenses totaled \$883,976. General government expenses were partially funded by \$66,957 in direct charges to users of the services. Transportation expenses totaled \$920,866. Transportation expenses were partially funded by \$47,358 in direct charges to users of the services, \$518,763 in operating grants and contributions and \$72,354 in capital grants and contributions.

The State and federal government contributed to the City a total of \$1,091,196 in operating grants and contributions and \$394,543 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$6,377,347 and amounted to 71.96% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$5,452,019. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue and property tax reimbursements received from the State, making up \$238,234.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon general revenues (primarily property and income taxes as well as unrestricted grants and entitlements) to support its governmental activities, as program revenues are not sufficient to cover total governmental expenses for 2024.

**Governmental Activities – Program Revenues vs. Total Expenses**



**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

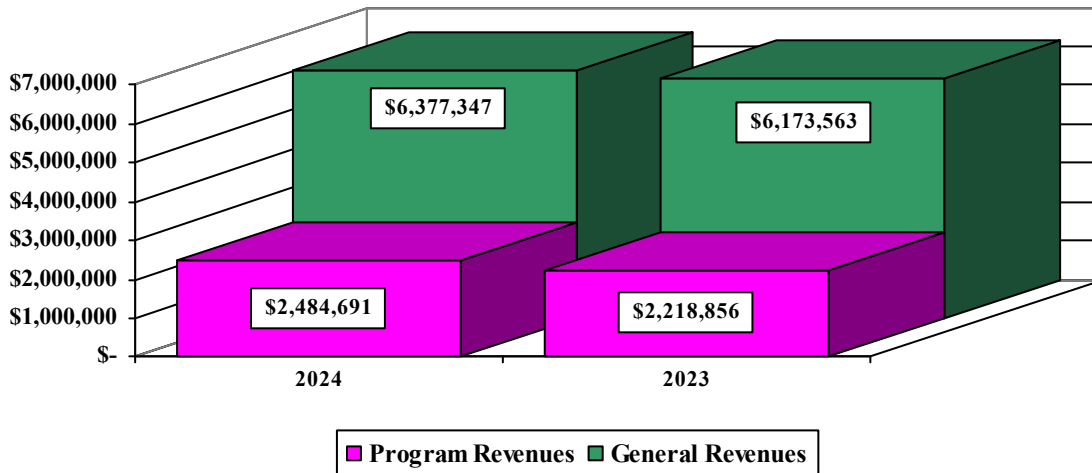
**Governmental Activities**

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
<b>Program expenses:</b>				
General government	\$ 883,976	\$ 817,019	\$ 829,482	\$ 760,335
Security of persons and property	4,606,638	3,437,613	4,153,106	2,970,598
Public health and welfare	15,162	(25,048)	9,847	(86,755)
Transportation	920,866	282,391	904,617	305,423
Community environment	677,496	261,784	511,884	443,688
Leisure time activity	389,540	235,228	351,877	148,668
<b>Total</b>	<b>\$ 7,493,678</b>	<b>\$ 5,008,987</b>	<b>\$ 6,760,813</b>	<b>\$ 4,541,957</b>

The dependence upon general revenues for governmental activities is apparent, with 66.84% of expenses supported through taxes and other general revenues.

The chart below illustrates the City's program revenues versus general revenues for 2024 and 2023.

**Governmental Activities – General and Program Revenues**



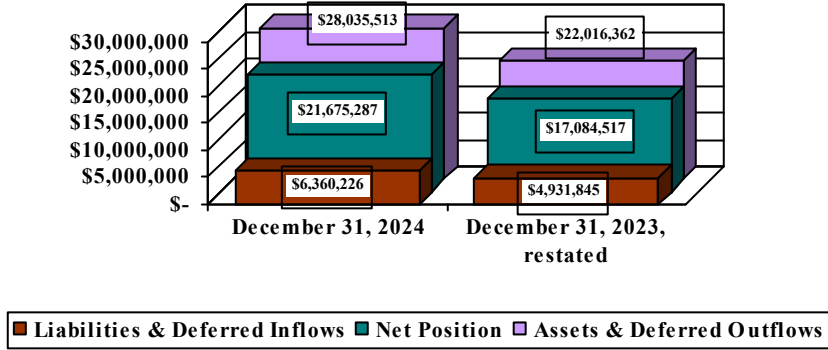
**Business-Type Activities**

Business-type activities include the sewer, water and storm water enterprise funds. These programs had program revenues of \$9,244,652 and expenses of \$4,653,882 for 2024. The graph below shows the business-type activities assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position at year-end 2024 and 2023. The net position as of December 31, 2023, was restated as described in Note 3.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)

**Net Position in Business - Type Activities**



**Financial Analysis of the Government's Funds**

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

**Governmental Funds**

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

The City's governmental funds reported a combined fund balance of \$9,200,450, which is \$1,280,715 greater than the previous year's fund balance of \$7,919,735. The following schedule indicates the fund balances and the total change in fund balances as of December 31, 2024 for all major and nonmajor governmental funds.

	Fund Balances 12/31/24	Fund Balances 12/31/23	Change
<b>Major funds:</b>			
General	\$ 2,188,002	\$ 2,077,196	\$ 110,806
Safety services income tax	1,023,608	-	1,023,608
Other nonmajor governmental funds	5,988,840	5,842,539	146,301
<b>Total</b>	<b>\$ 9,200,450</b>	<b>\$ 7,919,735</b>	<b>\$ 1,280,715</b>

**General Fund**

The City's general fund balance increased \$110,806. The table that follows assists in illustrating the revenues of the general fund.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

	2024 Amount	2023 Amount	Percentage Change
<b><u>Revenues</u></b>			
Taxes	\$ 3,122,701	\$ 3,639,947	(14.21) %
Charges for services	711,090	611,246	16.33 %
Fines and forfeitures	6,388	8,392	(23.88) %
Intergovernmental	263,049	368,057	(28.53) %
Licenses and permits	82,441	88,849	(7.21) %
Investment income	296,151	206,271	43.57 %
Change in fair value of investments	200,669	325,156	(38.29) %
Other	32,060	36,533	(12.24) %
Total	<u>\$ 4,714,549</u>	<u>\$ 5,284,451</u>	(10.78) %

Tax revenue represents 66.24% of all general fund revenue. Income tax revenue decreased by \$508,349 from the prior year as a result of the unemployment rate rising. The overall decrease in revenue was not significant.

The table that follows assists in illustrating the expenditures of the general fund.

	2024 Amount	2023 Amount	Percentage Change
<b><u>Expenditures</u></b>			
General government	\$ 825,434	\$ 774,815	6.53 %
Security of persons and property	2,971,935	3,041,225	(2.28) %
Public health and welfare	7,065	6,132	15.22 %
Transportation	196,349	206,187	(4.77) %
Community environment	445,043	405,752	9.68 %
Total	<u>\$ 4,445,826</u>	<u>\$ 4,434,111</u>	0.26 %

The total general fund expenditures of the City increased 0.26%. This indicates the City's commitment to utilizing other resources, such as grants, as much as possible before spending from the general fund.

***Safety Services Income Tax Fund***

The safety services income tax fund had revenues of \$1,333,652 in 2024. The expenditures of the safety services income tax fund totaled \$310,044 in 2024. The net increase in fund balance for the safety services income tax fund was \$1,023,608. The fund was opened in 2024 to account for the 0.50% voted income tax restricted to supporting the safety services.

***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

Budgetary information is presented for the general fund. In the general fund, the actual revenues and other financing sources came in \$569,603 less than they were in the final budget and actual expenditures and other financing uses were \$1,616,841 less than the amount in the final budget. The final budgeted revenues and other financing sources were increased \$162,853 from the original budgeted revenues and other financing sources. Final budgeted expenditures were increased \$153,853 from the original budget. The City uses a conservative budgeting approach, which means that budgeted expenditures are estimated to be much greater than actual spending.

***Proprietary Funds***

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2024, the City had \$32,609,338 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings, equipment, vehicles, infrastructure and utility plant in service. Of this total, \$15,832,850 was reported in governmental activities and \$16,776,488 was reported in business-type activities. See Note 9 for further description of capital assets. The following table shows 2024 balances compared to 2023:

**Capital Assets at December 31  
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,320,002	\$ 1,320,002	\$ 954,431	\$ 954,431	\$ 2,274,433	\$ 2,274,433
Construction in progress	521,733	389,065	4,927,321	541,066	5,449,054	930,131
Land improvements	120,242	119,435	13,140	16,429	133,382	135,864
Buildings	1,042,593	1,086,546	674,467	743,638	1,717,060	1,830,184
Equipment	1,381,971	1,245,370	2,469,087	2,625,544	3,851,058	3,870,914
Vehicles	537,983	486,159	460,281	256,474	998,264	742,633
Utility plant in service	-	-	7,277,761	7,093,091	7,277,761	7,093,091
Infrastructure	10,908,326	10,865,909	-	-	10,908,326	10,865,909
Totals	\$ 15,832,850	\$ 15,512,486	\$ 16,776,488	\$ 12,230,673	\$ 32,609,338	\$ 27,743,159

The City's infrastructure is the largest capital asset category. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 68.90% of the City's total governmental capital assets.

The City's largest business-type capital asset category is utility plant in service, which includes water and sewer lines and the water plant. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's utility plant in service (cost less accumulated depreciation) represents approximately 43.38% of the City's total business-type capital assets.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2024 and 2023.

**Governmental Activities**

	2024	2023
Issue II loans	\$ 437,517	\$ 546,918

**Business-type Activities**

	2024	2023
OWDA loans	\$ 3,527,149	\$ 2,800,606
Issue II loans	43,500	90,231
Total long-term obligations	\$ 3,570,649	\$ 2,890,837

Further detail on the City's long-term obligations can be found in Note 11 to the financial statements.

**Economic Conditions and Outlook**

With the celebration of our Sesquicentennial, 2024 was a year that our community will remember for a long time. Since our conception in 1874 as Chicago, Ohio, we have been a community known for our perseverance, strong and dedicated workforce, and community spirit. Many people will remember the 150<sup>th</sup> celebration, but 2024 was a year that set the foundation for many projects and improvements that will direct our path for decades to come. From job growth to water plant enhancements to beautification projects, 2024 set the tone for future years.

We have well-established manufacturers including Pepperidge Farm, Stanley Black & Decker, and Lakeside Book Company. Lakeside Book Company added a new state-of-the-art press that will bring 100 additional jobs to the Willard Plant.

The City of Willard Public Works Department was pivotal in the planning of our Water System Infrastructure project. Construction began in 2024. We completed \$3,954,136 of the estimated \$10,000,000 project and expect to finish the project in 2026. These improvements will allow us to provide our customers with quality drinking water for many decades. The City is grateful for the grants awarded by the Ohio Department of Development and the funding available from the Ohio Water Development Authority. In addition to the water plant infrastructure, one water tower was sandblasted, painted with a salute to our Veterans, and additional safety features installed. Our second water tower received pressure washing. These maintenance items are crucial for the life expectancy of our towers.

We continue to maintain a portion of our streets every year. A street resurfacing project in the amount of \$410,343 was completed within the community. Sidewalk improvements continue along U.S. 224. The current project is expected to be completed in 2025. The Ohio Department of Transportation provided federal assistance. The project is expected to be completed in 2025.

The Wastewater Treatment Plant completed several maintenance projects including repairs at the West Pearl Street Lift Station, rebuilding the Grit Classifier, rebuilding the Belt Press Sludge Pump #2, replacing the skimmer assembly on Clarifier #1. They also installed a new programmable Logic Controller in the Ultraviolet Light Disinfection System and had the Overflow Meter at the Combined Sewer Lagoon replaced.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2024  
(UNAUDITED)**

The Maintenance department provides vital services for our community. They not only maintain 59.2 miles of water mains, 30.3 miles of sanitary sewer mains and 14.5 miles of storm sewers but also maintain 31 miles of public streets and oversee the maintenance and mowing for 23 acres of cemetery grounds. In addition, they respond to and repair water lines and install taps for new water and sewer service. During 2024 the maintenance department was a vital part of completing our park improvements including concrete at the new dog park, renovations to our Railroad Depot rental hall, grading and seeding at the baseball field, and site preparation for the annual Goods in the Woods. The maintenance department is an asset our community depends on.

The City of Willard Recreation Department offers a wide array of events all year long. The city teams up with the Downtown Business Association in May to provide Spring Fest. Activities include Touch a Truck, Bike Rodeo, craft vendors and food trucks. The city also partners with the local baseball and soccer programs by providing ball fields of various sizes. June marks the opening of our swimming pool and Tuesday night concerts. Thank you to Pepperidge Farm for sponsoring our concerts at no charge to our residents. Our 4<sup>th</sup> Annual Fishing Derby is held in conjunction with the State of Ohio's Free Fish weekend and is a wonderful way to showcase the reservoir and 2- mile walking path! Willard celebrated our Sesquicentennial in August. A week-long celebration with entertainment enjoyed by all ages. October brought our 3<sup>rd</sup> Annual Goods in the Woods, a 2-day craft festival free of charge for those attending. ANEW plays a vital part in the success of this fall festival. November kicks off the holiday season with the Christmas Parade followed by December's Festival of Lights. Willard truly is a Great Place to Live, Work, and Play!

The residents of Willard voted in favor of a new Safety Services levy in the amount of .50 percent. Thank you for investing in our community! Both Police and Fire/Rescue benefit from this income tax levy. The levy will provide funding to restore staffing to previous levels. The levy also provides training dollars and equipment for our safety forces.

The City of Willard continues to look to the future and strive for excellence. We are proud to call Willard Home!

**Contacting the City's Financial Management**

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 please contact: Lori Huff, Director of Finance, at 631 South Myrtle Ave. P.O. Box 367, Willard, Ohio 44890.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Equity in pooled cash and investments. . . . .	\$ 8,670,253	\$ 8,681,587	\$ 17,351,840
Cash in segregated accounts. . . . .	34,340	-	34,340
Cash with fiscal agent. . . . .	731,296	-	731,296
Receivables:			
Income taxes. . . . .	635,569	-	635,569
Real and other taxes. . . . .	475,181	-	475,181
Accounts. . . . .	221,513	548,193	769,706
Special assessments. . . . .	16,155	-	16,155
Due from other governments. . . . .	309,993	885,034	1,195,027
Accrued interest. . . . .	82,334	-	82,334
Opioid settlement receivable. . . . .	55,278	-	55,278
Materials and supplies inventory. . . . .	31,209	313,298	344,507
Prepayments. . . . .	275,891	18,462	294,353
Net pension asset. . . . .	53,157	28,094	81,251
Net OPEB asset. . . . .	82,877	43,801	126,678
Restricted assets:			
Equity in pooled cash and investments. . . . .	-	85,715	85,715
Internal balance. . . . .	(200,147)	200,147	-
Capital assets:			
Nondepreciable capital assets. . . . .	1,841,735	5,881,752	7,723,487
Depreciable capital assets, net. . . . .	13,991,115	10,894,736	24,885,851
Total capital assets, net. . . . .	15,832,850	16,776,488	32,609,338
Total assets. . . . .	27,307,749	27,580,819	54,888,568
<b>Deferred outflows of resources:</b>			
Pension. . . . .	2,877,523	415,275	3,292,798
OPEB. . . . .	390,056	39,419	429,475
Total deferred outflows of resources. . . . .	3,267,579	454,694	3,722,273
<b>Liabilities:</b>			
Accounts payable. . . . .	34,936	91,245	126,181
Contracts payable. . . . .	-	560,342	560,342
Retainage payable. . . . .	-	324,692	324,692
Accrued wages. . . . .	153,078	37,981	191,059
Due to other governments. . . . .	98,391	15,603	113,994
Accrued interest payable. . . . .	-	12,038	12,038
Claims payable. . . . .	233,095	-	233,095
Payable from restricted assets:			
Refundable deposits payable. . . . .	-	85,715	85,715
Unearned revenue. . . . .	246,646	-	246,646
Long-term liabilities:			
Due within one year. . . . .	458,941	382,083	841,024
Due in more than one year:			
Net pension liability. . . . .	8,311,669	1,260,983	9,572,652
Net OPEB liability. . . . .	447,819	-	447,819
Other amounts due in more than one year. . . . .	849,554	3,556,828	4,406,382
Total liabilities. . . . .	10,834,129	6,327,510	17,161,639
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	446,921	-	446,921
Pension. . . . .	235,834	7,112	242,946
OPEB. . . . .	464,108	25,604	489,712
Total deferred inflows of resources. . . . .	1,146,863	32,716	1,179,579
<b>Net position:</b>			
Net investment in capital assets. . . . .	15,395,333	12,320,805	27,716,138
Restricted for:			
Capital projects. . . . .	1,606,411	-	1,606,411
Transportation projects. . . . .	1,550,293	-	1,550,293
Police and fire purposes. . . . .	804,762	-	804,762
Perpetual care. . . . .	39,852	-	39,852
Pension and OPEB. . . . .	136,034	71,895	207,929
Other purposes. . . . .	354,701	-	354,701
Unrestricted (deficit). . . . .	(1,293,050)	9,282,587	7,989,537
Total net position. . . . .	\$ 18,594,336	\$ 21,675,287	\$ 40,269,623

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government. . . . .	\$ 883,976	\$ 66,957	\$ -	\$ -
Security of persons and property . . .	4,606,638	686,752	407,652	74,621
Public health and welfare . . . . .	15,162	40,210	-	-
Transportation. . . . .	920,866	47,358	518,763	72,354
Community environment . . . . .	677,496	93,554	120,863	201,295
Leisure time activity. . . . .	389,540	64,121	43,918	46,273
Total governmental activities . . . . .	<u>7,493,678</u>	<u>998,952</u>	<u>1,091,196</u>	<u>394,543</u>
<b>Business-type activities:</b>				
Sewer. . . . .	2,529,299	2,649,265	-	-
Water. . . . .	2,124,583	2,536,733	-	4,058,654
Total business-type activities . . . . .	<u>4,653,882</u>	<u>5,185,998</u>	<u>-</u>	<u>4,058,654</u>
Total primary government . . . . .	<u>\$ 12,147,560</u>	<u>\$ 6,184,950</u>	<u>\$ 1,091,196</u>	<u>\$ 4,453,197</u>

**General revenues:**

Property taxes levied for:

General purposes . . . . .

Recreation. . . . .

Police pension. . . . .

Income taxes levied for:

General purposes . . . . .

Safety services. . . . .

Capital projects. . . . .

Permissive motor vehicle license tax. . . . .

Grants and entitlements not restricted  
to specific programs . . . . .

Investment earnings . . . . .

Change in fair value of investments. . . . .

Miscellaneous . . . . .

Total general revenues . . . . .

Change in net position . . . . .

Net position as previously reported. . . . .

Restatement - change in accounting principle. . .

**Net position at beginning of year (restated).**

**Net position at end of year. . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (817,019)	\$ -	\$ (817,019)
(3,437,613)	-	(3,437,613)
25,048	-	25,048
(282,391)	-	(282,391)
(261,784)	-	(261,784)
(235,228)	-	(235,228)
(5,008,987)	-	(5,008,987)
-	119,966	119,966
-	4,470,804	4,470,804
-	4,590,770	4,590,770
(5,008,987)	4,590,770	(418,217)
293,485	-	293,485
44,935	-	44,935
32,174	-	32,174
2,896,106	-	2,896,106
1,427,108	-	1,427,108
758,211	-	758,211
55,909	-	55,909
238,234	-	238,234
338,573	-	338,573
200,669	-	200,669
91,943	-	91,943
6,377,347	-	6,377,347
1,368,360	4,590,770	5,959,130
17,493,291	17,246,035	34,739,326
(267,315)	(161,518)	(428,833)
17,225,976	17,084,517	34,310,493
\$ 18,594,336	\$ 21,675,287	\$ 40,269,623

**CITY OF WILLARD  
HURON COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2024

	<u>General</u>	<u>Safety Services Income Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 1,566,844	\$ 932,126	\$ 6,171,283	\$ 8,670,253
Cash in segregated accounts. . . . .	-	-	34,340	34,340
Receivables:				
Income taxes. . . . .	453,978	181,591	-	635,569
Real and other taxes. . . . .	387,098	-	88,083	475,181
Accounts. . . . .	215,440	-	6,073	221,513
Special assessments. . . . .	16,155	-	-	16,155
Interfund loans. . . . .	46,044	-	-	46,044
Due from other governments. . . . .	131,064	-	178,929	309,993
Accrued interest. . . . .	82,334	-	-	82,334
Opioid settlement receivable. . . . .	-	-	55,278	55,278
Materials and supplies inventory. . . . .	9,837	-	21,372	31,209
Prepayments. . . . .	251,920	17,765	6,206	275,891
Total assets. . . . .	<u>\$ 3,160,714</u>	<u>1,131,482</u>	<u>\$ 6,561,564</u>	<u>\$ 10,853,760</u>
<b>Liabilities:</b>				
Accounts payable. . . . .	\$ 23,022	\$ -	\$ 11,914	\$ 34,936
Accrued wages. . . . .	132,712	15,654	4,712	153,078
Due to other governments. . . . .	84,070	10,187	4,134	98,391
Interfund loans payable. . . . .	-	-	46,044	46,044
Unearned revenue. . . . .	-	-	246,646	246,646
Total liabilities. . . . .	<u>239,804</u>	<u>25,841</u>	<u>313,450</u>	<u>579,095</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	368,325	-	78,596	446,921
Delinquent property tax revenue not available. . . . .	18,152	-	3,828	21,980
Accrued interest not available. . . . .	36,069	-	-	36,069
Special assessments revenue not available. . . . .	16,155	-	-	16,155
Intergovernmental revenue not available. . . . .	89,125	-	121,572	210,697
Income tax revenue not available. . . . .	205,082	82,033	-	287,115
Opioid settlement revenue not available. . . . .	-	-	55,278	55,278
Total deferred inflows of resources. . . . .	<u>732,908</u>	<u>82,033</u>	<u>259,274</u>	<u>1,074,215</u>
<b>Fund balances:</b>				
Nonspendable. . . . .	282,838	17,765	67,430	368,033
Restricted. . . . .	-	1,005,843	3,408,191	4,414,034
Committed. . . . .	-	-	2,077,502	2,077,502
Assigned. . . . .	968,080	-	477,640	1,445,720
Unassigned (deficit). . . . .	937,084	-	(41,923)	895,161
Total fund balances. . . . .	<u>2,188,002</u>	<u>1,023,608</u>	<u>5,988,840</u>	<u>9,200,450</u>
Total liabilities, deferred inflows of resources and fund balances. . . . .	<u>\$ 3,160,714</u>	<u>\$ 1,131,482</u>	<u>\$ 6,561,564</u>	<u>\$ 10,853,760</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2024

<b>Total governmental fund balances</b>	\$	9,200,450
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,832,850
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Income taxes receivable	\$	287,115
Real and other taxes receivable		21,980
Intergovernmental receivable		210,697
Special assessments receivable		16,155
Accrued interest receivable		36,069
Opioid settlement receivable		55,278
Total		627,294
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.		
Net pension asset	53,157	
Deferred outflows of resources	2,877,523	
Deferred inflows of resources	(235,834)	
Net pension liability	(8,311,669)	
Total		(5,616,823)
The net OPEB asset and net OPEB liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB asset	82,877	
Deferred outflows of resources	390,056	
Deferred inflows of resources	(464,108)	
Net OPEB liability	(447,819)	
Total		(438,994)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(870,978)	
Issue II loans payable	(437,517)	
Total		(1,308,495)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		298,054
<b>Net position of governmental activities</b>	<u>\$</u>	<u>18,594,336</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>General</b>	<b>Safety Services Income Tax</b>	<b>(Formerly Major) Income Tax Capital Improvement</b>	<b>(Formerly Major) Electric System Sale</b>
<b>Revenues:</b>				
Income taxes . . . . .	\$ 2,830,407	\$ 1,333,652		
Real and other taxes. . . . .	292,294	-		
Charges for services. . . . .	711,090	-		
Licenses and permits . . . . .	82,441	-		
Fines, forfeitures and settlements . . . . .	6,388	-		
Intergovernmental. . . . .	263,049	-		
Investment income. . . . .	296,151	-		
Rental income . . . . .	-	-		
Contributions and donations. . . . .	5,523	-		
Change in fair value of investments. . . . .	200,669	-		
Other . . . . .	26,537	-		
Total revenues . . . . .	<u>4,714,549</u>	<u>1,333,652</u>		
<b>Expenditures:</b>				
Current:				
General government . . . . .	825,434	-		
Security of persons and property . . . . .	2,971,935	269,109		
Public health and welfare. . . . .	7,065	-		
Transportation . . . . .	196,349	-		
Community environment . . . . .	445,043	-		
Leisure time activity . . . . .	-	-		
Capital outlay . . . . .	-	40,935		
Debt service:				
Principal retirement. . . . .	-	-		
Total expenditures. . . . .	<u>4,445,826</u>	<u>310,044</u>		
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>268,723</u>	<u>1,023,608</u>		
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	-	-		
Transfers in . . . . .	4,936	-		
Transfers (out). . . . .	(162,853)	-		
Total other financing sources (uses) . . . . .	<u>(157,917)</u>	<u>-</u>		
Net change in fund balances . . . . .	110,806	1,023,608		
Fund balances as previously reported. . . . .	2,077,196	-	\$ 1,412,443	\$ 1,757,431
Adjustment - changes in major fund to nonmajor fund. . . . .	<u>-</u>	<u>-</u>	<u>\$ (1,412,443)</u>	<u>\$ (1,757,431)</u>
<b>Fund balances at beginning of year (adjusted)</b>	<u>2,077,196</u>	<u>-</u>		
<b>Fund balances at end of year . . . . .</b>	<u><u>\$ 2,188,002</u></u>	<u><u>\$ 1,023,608</u></u>		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,017,799	\$ 5,181,858
133,308	425,602
131,095	842,185
-	82,441
22,611	28,999
1,120,646	1,383,695
142,206	438,357
28,083	28,083
199,411	204,934
-	200,669
71,565	98,102
<u>2,866,724</u>	<u>8,914,925</u>
780	826,214
903,805	4,144,849
10,000	17,065
364,699	561,048
162,585	607,628
317,597	317,597
1,024,328	1,065,263
<u>109,401</u>	<u>109,401</u>
<u>2,893,195</u>	<u>7,649,065</u>
<u>(26,471)</u>	<u>1,265,860</u>
14,855	14,855
262,853	267,789
<u>(104,936)</u>	<u>(267,789)</u>
<u>172,772</u>	<u>14,855</u>
146,301	1,280,715
2,672,665	7,919,735
<u>3,169,874</u>	<u>-</u>
<u>5,842,539</u>	<u>7,919,735</u>
<u>\$ 5,988,840</u>	<u>\$ 9,200,450</u>

**CITY OF WILLARD  
HURON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2024

<b>Net change in fund balances - total governmental funds</b>	\$	1,280,715
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*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 1,080,707	
Current year depreciation	(760,343)	
Total		320,364

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

Income taxes	(100,433)	
Real and other taxes	901	
Intergovernmental revenues	3,661	
Special assessments	3,032	
Investment income	15,199	
Opioid settlement	(12,325)	
Total		(89,965)

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

109,401

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

Pension	658,496	
OPEB	13,609	
Total		672,105

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

Pension	(909,411)	
OPEB	(5,591)	
Total		(915,002)

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

(23,061)

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

13,803

<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>1,368,360</b>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2024

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and investments. . . . .	\$ 2,948,903	\$ 5,717,077	\$ 15,607	\$ 8,681,587	\$ -
Cash with fiscal agent. . . . .	-	-	-	-	731,296
Receivables:					
Accounts. . . . .	263,226	284,967	-	548,193	-
Due from other governments. . . . .	-	885,034	-	885,034	-
Materials and supplies inventory. . . . .	42,584	270,714	-	313,298	-
Prepayments . . . . .	5,182	13,280	-	18,462	-
Restricted assets:					
Equity in pooled cash investments. . . . .	-	85,715	-	85,715	-
Total current assets . . . . .	3,259,895	7,256,787	15,607	10,532,289	731,296
Noncurrent assets:					
Net pension asset . . . . .	15,381	12,713	-	28,094	-
Net OPEB asset. . . . .	23,980	19,821	-	43,801	-
Capital assets:					
Nondepreciable capital assets . . . . .	505,410	5,376,342	-	5,881,752	-
Depreciable capital assets, net. . . . .	4,996,136	5,898,600	-	10,894,736	-
Total capital assets, net. . . . .	5,501,546	11,274,942	-	16,776,488	-
Total noncurrent assets . . . . .	5,540,907	11,307,476	-	16,848,383	-
Total assets . . . . .	8,800,802	18,564,263	15,607	27,380,672	731,296
<b>Deferred outflows of resources:</b>					
Pension. . . . .	224,418	190,857	-	415,275	-
OPEB. . . . .	21,581	17,838	-	39,419	-
Total deferred outflows of resources . . . . .	\$ 245,999	\$ 208,695	\$ -	\$ 454,694	\$ -

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**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS (CONTINUED)  
DECEMBER 31, 2024

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable. . . . .	\$ 29,904	\$ 61,341	\$ -	\$ 91,245	\$ -
Contracts payable. . . . .	-	560,342	-	560,342	-
Retainage payable . . . . .	-	324,692	-	324,692	-
Accrued wages . . . . .	21,186	16,795	-	37,981	-
Compensated absences. . . . .	105,360	32,050	-	137,410	-
Due to other governments . . . . .	8,590	7,013	-	15,603	-
Accrued interest payable . . . . .	7,852	4,186	-	12,038	-
Payable from restricted assets:					
Refundable deposits payable. . . . .	-	85,715	-	85,715	-
OWDA loans payable . . . . .	165,255	76,418	-	241,673	-
OPWC loans payable . . . . .	-	3,000	-	3,000	-
Claims payable . . . . .	-	-	-	-	233,095
Total current liabilities . . . . .	<u>338,147</u>	<u>1,171,552</u>	<u>-</u>	<u>1,509,699</u>	<u>233,095</u>
Long-term liabilities:					
Compensated absences payable . . . . .	180,576	50,276	-	230,852	-
OWDA loans payable . . . . .	1,498,831	1,786,645	-	3,285,476	-
OPWC loans payable . . . . .	-	40,500	-	40,500	-
Net pension liability . . . . .	690,360	570,623	-	1,260,983	-
Total long-term liabilities. . . . .	<u>2,369,767</u>	<u>2,448,044</u>	<u>-</u>	<u>4,817,811</u>	<u>-</u>
Total liabilities . . . . .	<u>2,707,914</u>	<u>3,619,596</u>	<u>-</u>	<u>6,327,510</u>	<u>233,095</u>
<b>Deferred inflows of resources:</b>					
Pension. . . . .	5,869	1,243	-	7,112	-
OPEB. . . . .	13,945	11,659	-	25,604	-
Total deferred inflows of resources . . . . .	<u>19,814</u>	<u>12,902</u>	<u>-</u>	<u>32,716</u>	<u>-</u>
<b>Net position:</b>					
Net investment in capital assets. . . . .	3,837,460	8,483,345	-	12,320,805	-
Restricted for pension and OPEB . . . . .	39,361	32,534	-	71,895	-
Unrestricted . . . . .	<u>2,442,252</u>	<u>6,624,581</u>	<u>15,607</u>	<u>9,082,440</u>	<u>498,201</u>
Total net position . . . . .	<u>\$ 6,319,073</u>	<u>\$ 15,140,460</u>	<u>\$ 15,607</u>	<u>21,475,140</u>	<u>\$ 498,201</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.				<u>200,147</u>	
Net position of business-type activities				<u>\$ 21,675,287</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	
<b>Operating revenues:</b>					
Charges for services . . . . .	\$ 2,646,815	\$ 2,519,283	\$ -	\$ 5,166,098	\$ 1,392,147
Tap-in fees. . . . .	2,450	17,450	-	19,900	-
Large claim reimbursements. . . . .	-	-	-	-	986,833
Other operating revenues . . . . .	-	-	-	-	17,831
Total operating revenues. . . . .	<u>2,649,265</u>	<u>2,536,733</u>	<u>-</u>	<u>5,185,998</u>	<u>2,396,811</u>
<b>Operating expenses:</b>					
Personal services . . . . .	1,218,098	1,001,309	-	2,219,407	-
Contract services. . . . .	335,753	158,391	-	494,144	484,355
Materials and supplies. . . . .	126,831	449,261	-	576,092	-
Utilities . . . . .	343,538	156,090	-	499,628	-
Claims expense . . . . .	-	-	-	-	1,922,844
Depreciation. . . . .	487,707	332,727	-	820,434	-
Total operating expenses. . . . .	<u>2,511,927</u>	<u>2,097,778</u>	<u>-</u>	<u>4,609,705</u>	<u>2,407,199</u>
Operating income (loss). . . . .	<u>137,338</u>	<u>438,955</u>	<u>-</u>	<u>576,293</u>	<u>(10,388)</u>
<b>Nonoperating revenues (expenses):</b>					
Interest expense . . . . .	(16,082)	(26,127)	-	(42,209)	-
Interest income . . . . .	-	-	-	-	22,223
Total nonoperating revenues (expenses) . . . .	<u>(16,082)</u>	<u>(26,127)</u>	<u>-</u>	<u>(42,209)</u>	<u>22,223</u>
Income before capital contributions. . . . .	121,256	412,828	-	534,084	11,835
Capital contributions. . . . .	-	4,058,654	-	4,058,654	-
Change in net position . . . . .	121,256	4,471,482	-	4,592,738	11,835
Net position as previously reported. . . . .	6,319,644	10,708,669	15,607	17,043,920	486,366
Restatement - change in accounting principle. . .	<u>(121,827)</u>	<u>(39,691)</u>	<u>-</u>	<u>(161,518)</u>	<u>-</u>
<b>Net position at beginning of year (restated). . .</b>	<u>6,197,817</u>	<u>10,668,978</u>	<u>15,607</u>	<u>16,882,402</u>	<u>486,366</u>
<b>Net position at end of year . . . . .</b>	<u>\$ 6,319,073</u>	<u>\$ 15,140,460</u>	<u>\$ 15,607</u>	<u>21,475,140</u>	<u>\$ 498,201</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(1,968)	
Change in net position of business-type activities				<u>\$ 4,590,770</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Sewer	Water	Nonmajor Enterprise Fund	Total	
<b>Cash flows from operating activities:</b>					
Cash received from customers. . . . .	\$ 2,685,623	\$ 2,550,904	\$ -	\$ 5,236,527	\$ 1,392,147
Cash received from large claim reimbursements. . . .	-	-	-	-	986,833
Cash received from other operations . . . . .	-	320	-	320	17,831
Cash payments for personal services. . . . .	(1,174,931)	(995,978)	-	(2,170,909)	-
Cash payments for contract services . . . . .	(338,011)	(162,569)	-	(500,580)	(484,355)
Cash payments for materials and supplies . . . . .	(129,503)	(520,972)	-	(650,475)	-
Cash payments for utilities . . . . .	(340,906)	(157,454)	-	(498,360)	-
Cash payments for claims . . . . .	-	-	-	-	(1,812,203)
Net cash provided by operating activities . . . . .	702,272	714,251	-	1,416,523	100,253
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets . . . . .	(216,497)	(4,264,718)	-	(4,481,215)	-
Capital grants. . . . .	-	3,173,620	-	3,173,620	-
OWDA loan proceeds. . . . .	-	968,566	-	968,566	-
Principal retirement. . . . .	(207,474)	(81,280)	-	(288,754)	-
Interest and fiscal charges . . . . .	(16,835)	(21,941)	-	(38,776)	-
Net cash used in capital and related financing activities. . . . .	(440,806)	(225,753)	-	(666,559)	-
<b>Cash flows from investing activities:</b>					
Interest received . . . . .	-	-	-	-	22,223
Net increase in cash and investments . . . . .	261,466	488,498	-	749,964	122,476
<b>Cash and investments at beginning of year . . . . .</b>	<u>2,687,437</u>	<u>5,314,294</u>	<u>15,607</u>	<u>8,017,338</u>	<u>608,820</u>
<b>Cash and investments at end of year . . . . .</b>	<u>\$ 2,948,903</u>	<u>\$ 5,802,792</u>	<u>\$ 15,607</u>	<u>\$ 8,767,302</u>	<u>\$ 731,296</u>

- - Continued

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Fund</b>
	<b>Sewer</b>	<b>Water</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>	
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss). . . . .	\$ 137,338	\$ 438,955	\$ -	\$ 576,293	\$ (10,388)
Adjustments:					
Depreciation. . . . .	487,707	332,727	-	820,434	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Change in materials and supplies inventory . . . . .	6,190	(78,868)	-	(72,678)	-
Change in accounts receivable . . . . .	36,358	14,171	-	50,529	-
Change in prepayments . . . . .	235	(2,872)	-	(2,637)	-
Change in net pension asset. . . . .	(4,521)	(3,852)	-	(8,373)	-
Change in net OPEB asset . . . . .	(23,980)	(19,821)	-	(43,801)	-
Change in deferred outflows - pension. . . . .	101,854	83,078	-	184,932	-
Change in deferred outflows - OPEB. . . . .	28,589	23,133	-	51,722	-
Change in accounts payable. . . . .	(9,106)	4,678	-	(4,428)	-
Change in accrued wages . . . . .	5,523	4,165	-	9,688	-
Change in intergovernmental payable. . . . .	999	451	-	1,450	-
Change in compensated absences payable. . . . .	40,093	(13,449)	-	26,644	-
Change in net pension liability. . . . .	(85,020)	(62,028)	-	(147,048)	-
Change in net OPEB liability. . . . .	(16,621)	(13,562)	-	(30,183)	-
Change in deferred inflows - pension. . . . .	(11,035)	(9)	-	(11,044)	-
Change in deferred inflows - OPEB. . . . .	7,669	7,034	-	14,703	-
Change in claims payable. . . . .	-	-	-	-	110,641
Change in payable from restricted assets. . . . .	-	320	-	320	-
Net cash provided by operating activities . . . . .	<u>\$ 702,272</u>	<u>\$ 714,251</u>	<u>\$ -</u>	<u>\$ 1,416,523</u>	<u>\$ 100,253</u>

**Non-cash transactions:**

At December 31, 2024, the water fund purchased \$885,034 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Custodial</u>
<b>Additions:</b>	
Licenses, permits and fees for other governments . . . . .	\$ 20,753
<b>Deductions:</b>	
Licenses, permits and fees distributions to other governments .	<u>21,756</u>
Net change in fiduciary net position . . . . .	(1,003)
<b>Net position beginning of year . . . . .</b>	<u>1,003</u>
<b>Net position end of year . . . . .</b>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - DESCRIPTION OF THE CITY**

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

The City was originally organized as the Village of Chicago Junction in 1874. The name was changed to the Village of Willard in 1917, which became the City of Willard in 1959 as a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-manager form of government and provides the following services as authorized by its charter: public safety, water and sewer utilities, recreation, development, and street construction and maintenance.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Willard, this includes police protection, fire protection, EMS services, street maintenance and repairs, planning and zoning, parks and recreation, water, sewer and storm water. The operation of each of these activities is directly controlled by Council through the budgetary process.

The City of Willard owns and is responsible for the lighting and any major repairs and improvements of the Willard Airport. Rental fees for use of public property and proceeds from the sale of airplane fuel are collected by the City and any minor repairs, services, and operations at the airport are performed by the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the financial activities of the following PCU has been reflected in the accompanying basic financial statements as follows:

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***POTENTIAL COMPONENT UNIT NOT REPORTED***

Willard Community Improvement Corporation (CIC)

The Willard Community Improvement Corporation (the CIC) was formed pursuant to Resolution and incorporated as a corporation not-for-profit under Title XVII, Chapters 1702 and 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Willard (the "City") for the industrial, commercial, distribution, and research development in such political subdivisions in accordance with Section 1724.10 of the Ohio Revised Code. The CIC is governed by a Board of Directors having seven or more members as shall be fixed by the members from time to time. The CIC is a legally separate entity and the City appoints a voting majority of the CIC's Board of Directors. The City can impose its will on the CIC and the CIC provides services entirely or almost entirely to the City. The City is not the sole corporate member of the CIC.

The financial activity of the CIC for 2024 was insignificant to the City's financial statements; therefore, no amounts are presented as the CIC would not have a significant impact on the City's financials. The CIC's financial statements can be obtained from Lori Huff, Willard Community Improvement Corporation, 631 South Myrtle Avenue, Willard, Ohio 44890.

The City is associated with a certain organization which is considered a public entity risk pool:

Public Entities Pool of Ohio (PEP)

The City participates in the Public Entities Pool of Ohio, a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Note 12.A to the financial statements provides additional information for this entity.

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

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

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

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Fund Financial Statements*** - During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by fund type.

**C. Fund Accounting**

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

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

*General* - The general fund accounts and reports for all financial resources except those not accounted for in another fund. This includes, but is not limited to, police and fire protection, public health activities, cemetery, and the general administration of City functions. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Safety services income tax* - This fund accounts for receipts of a 0.50% voted income tax that is used for safety services purposes.

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 capital 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 expenditure for principal and interest.

***Proprietary Funds*** - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise funds or internal service funds.

*Enterprise funds* - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

*Sewer* - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

*Water* - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

The City's nonmajor enterprise fund accounts for the provision of storm drainage runoff services to the residents and commercial users located within the City.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Internal service fund* - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund is used to account for the self-insurance program for medical, prescription, dental and vision benefits.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only fiduciary fund is a custodial fund that accounts for the collection and disbursement of a planning fee for the Southern 5 Regional Sewer District.

**D. Measurement Focus**

***Government-Wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the City are included on the statement of net position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and deferred inflows of resources and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**E. Basis of Accounting**

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

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Revenues - Exchange and Nonexchange Transactions*** - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within sixty days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

***Deferred Outflows of Resources and Deferred Inflows of Resources*** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability (asset) and net OPEB liability (asset), respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability (asset) and net OPEB liability (asset), respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

***Expenses/Expenditures*** - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Budgetary Data**

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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control.

**Estimated Resources** - The County Budget Commission certifies its actions to the City by September 1. As part of this process, the City receives the official certificate of estimated resources, which states the projected cash receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered cash balances from the preceding year.

**Appropriations** - In accordance with the City Charter, an annual appropriation ordinance must be passed by December 26 of each year for the following period January 1 to December 31; this must be submitted to the County by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council.

**Lapsing of Appropriations** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not re-appropriated as part of the subsequent year appropriations.

**G. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City's budgetary basis of accounting. For GAAP reporting purposes, encumbrances outstanding at year end are reported in the various fund balance classifications as part of fund balance.

**H. Inventories of Materials and Supplies**

On the government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Prepayments**

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

**J. Cash and Cash Equivalents**

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

During 2024, investments were limited to investments in federal agency securities, commercial paper, corporate notes, U.S. Treasury notes, negotiable certificates of deposit, municipal bonds, a U.S. Government money market fund and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

During 2024, the City invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2024 amounted to \$296,151, which included \$260,131 assigned from other funds of the City.

For purpose of presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's investment account at year end is provided in Note 4.

**K. Capital Assets**

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

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$1,000. The City's infrastructure consists of streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. In addition, assets having an estimated useful life of more than one year that are below the \$1,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	10 years	10 years
Buildings	20-40 years	20-40 years
Equipment	5-15 years	5-15 years
Vehicles	5 years	5 years
Infrastructure	40 years	-----
Utility plant in service	-----	40-80 years

**L. Compensated Absences**

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

**M. Accrued Liabilities and Long-Term Obligations**

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

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

**N. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**O. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after 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 BFS.

**P. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**Q. Restricted Assets**

Amounts held as deposits for water service are restricted and can only be expended for the return of such deposit, or to apply to the customer's account when the service is discontinued.

**R. Estimates**

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

**S. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, 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. The City's water fund received \$4,058,654 in capital contributions from grantors in 2024.

**T. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position.

Net position is reported as restricted when there are limitations imposed on its 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. Net position restricted for other purposes primarily includes amounts restricted for school resource officer grant, emergency management, opioid settlement, clock tower donations and military memorial donations.

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

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**U. Extraordinary and Special Items**

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

**V. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net pension (asset), net OPEB (asset), 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.

**W. Fair Value Measurements**

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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62", Implementation Guide No. 2023-1 and GASB Statement No. 101, "Compensated Absences".

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously report by the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. See Note 3.D below.

**B. Deficit Fund Balance**

Fund balances at December 31, 2024 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
CDBG	\$ 41,923

The general fund is liable for any deficit in any funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**C. Change within the Financial Reporting Entity**

For 2024, the City's income tax capital improvement fund and electric system sale fund presentation was adjusted from major to nonmajor due to no longer meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

**D. Restatement of Net Position**

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	<u>Net Position As Previously Reported</u>	<u>Change in Accounting Principle</u>	<u>Net Position at 12/31/2023 As Restated</u>
Government-wide			
Governmental activities	\$ 17,493,291	\$ (267,315)	\$ 17,225,976
Business-type activities	17,246,035	(161,518)	17,084,517
Total government-wide	<u>\$ 34,739,326</u>	<u>\$ (428,833)</u>	<u>\$ 34,310,493</u>
Enterprise funds			
Major funds:			
Sewer	\$ 6,319,644	\$ (121,827)	\$ 6,197,817
Water	10,708,669	(39,691)	10,668,978
Nonmajor enterprise fund	15,607	-	15,607
Total enterprise funds	<u>\$ 17,043,920</u>	<u>\$ (161,518)</u>	<u>\$ 16,882,402</u>
Internal service fund	<u>\$ 486,366</u>	<u>\$ -</u>	<u>\$ 486,366</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

Interim deposits are deposits in interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At year end, the City had \$1,100 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and investments” but is not considered part of the City’s carrying amount of deposits at year end.

**B. Cash in Segregated Accounts**

At year end, the City had \$34,340 deposited with the Huron County Treasurer for monies related to the municipal road fund permissive tax.

**C. Cash with Fiscal Agent**

The City utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as “cash with fiscal agent.” The amount held by the fiscal agent at December 31, 2024 was \$731,296.

**D. Deposits with Financial Institutions**

At December 31, 2024, the carrying amount of all City deposits was \$745,465. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2024, \$1,376,690 of the City’s bank balance of \$1,626,690 was covered by pledged collateral as discussed below, while \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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. For 2024, the City’s financial institutions did not participate in the OPCS, but did have sufficient pledged collateral, which eliminated custodial credit risk. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**E. Investments**

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

Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FNMA	\$ 391,043	\$ 271,013	\$ -	\$ 120,030	\$ -	\$ -
FFCB	2,220,204	-	359,964	-	142,013	1,718,227
FAMC	738,230	-	-	-	217,664	520,566
FHLB	1,480,565	492,633	-	335,656	398,115	254,161
FHLMC	794,815	-	794,815	-	-	-
Negotiable CDs	1,034,362	372,091	293,551	-	219,119	149,601
Commercial paper	421,777	421,777	-	-	-	-
U.S. Treasury notes	6,165,572	293,800	107,499	1,020,710	1,060,020	3,683,543
Municipal bonds	155,019	-	155,019	-	-	-
Corporate note	316,418	-	-	-	-	316,418
U.S. government money market fund	17,783	17,783	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	2,955,202	2,955,202	-	-	-	-
Total	\$ 16,690,990	\$ 4,824,299	\$ 1,710,848	\$ 1,476,396	\$ 2,036,931	\$ 6,642,516

The weighted average maturity of investments is 1.67 years.

The City's investments in U.S. government money market funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FFCB, FAMC, FHLB, FHLMC, FNMA), U.S. Treasury notes, commercial paper, municipal bonds, corporate notes and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned the U.S. government money market fund an AAAm money market rating. The City's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in commercial paper were rated A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in corporate notes were rated AA+ by Standard & Poor's. The City's investments in municipal bonds are rated AAA or SP-1+ by Standard & Poor's. Standard & Poor's has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investments in negotiable certificates of deposit are fully insured by the FDIC. The City's investment policy does not specifically address credit risk beyond requiring the City to only invest in securities authorized by State statute.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, municipal bonds, commercial paper, corporate notes and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City's investments in negotiable CDs are insured by the FDIC. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2024:

Measurement\ Investment type	Measurement Value	% of Total
<i>Fair value:</i>		
FNMA	\$ 391,043	2.34%
FFCB	2,220,204	13.30%
FAMC	738,230	4.42%
FHLB	1,480,565	8.87%
FHLMC	794,815	4.76%
Negotiable CDs	1,034,362	6.20%
Commercial paper	421,777	2.53%
Municipal bonds	6,165,572	36.94%
Corporate note	155,019	0.93%
U.S. Treasury notes	316,418	1.90%
U.S. government money market	17,783	0.11%
<i>Amortized cost:</i>		
STAR Ohio	2,955,202	17.70%
Total	<u>\$ 16,690,990</u>	<u>100.00%</u>

**F. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2024:

<u>Cash and investments per note disclosure:</u>	
Carrying amount of deposits	\$ 745,465
Investments	16,690,990
Cash in segregated accounts	34,340
Cash with fiscal agent	731,296
Cash on hand	1,100
Total	<u>\$ 18,203,191</u>
<u>Cash and investments per statement of net position:</u>	
Governmental activities	\$ 9,435,889
Business-type activities	8,767,302
Total	<u>\$ 18,203,191</u>

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 5 - INTERFUND ACTIVITY**

- A.** Interfund transfers for the year ended December 31, 2024, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 162,853
Transfers to general fund from:	
Nonmajor governmental funds	4,936
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	100,000
Total	<u>\$ 267,789</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 authorizations.

The transfer from the general fund to the electric system sale fund (nonmajor governmental fund) was to transfer unrestricted investment earnings.

The transfer to the general fund from the urban development block grant fund (nonmajor governmental fund) was to close the fund.

The purpose of the transfer between nonmajor governmental funds was to transfer from the income tax capital improvement fund to the debt service fund to provide funds for the retirement of loans.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund loans consisted of the following at December 31, 2024, as reported on the fund financial statements.

Receivable funds	Payable funds	Amount
General	Nonmajor governmental funds	<u>\$ 46,044</u>

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all City operations for the year ended December 31, 2024, was \$3.80 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2024 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 62,769,500
Commercial/industrial/mineral	29,478,440
<u>Public utility</u>	
Real	4,908,290
Personal	<u>9,709,570</u>
Total assessed value	<u>\$ 106,865,800</u>

**NOTE 7 - LOCAL INCOME TAX**

For 2024, the City levies an income tax of 1.75%. The income tax is levied on the gross salaries, wages and other personnel service compensation earned by residents of the City and to the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a full credit for taxes paid to other Ohio municipalities, up to the percentage which would be due to the City.

The revenue received from income tax is recorded directly into the City income tax fund, income tax capital improvement fund (a nonmajor governmental fund), or safety services income tax fund. The costs of operating the income tax department and income tax refunds are expended from the income tax fund. The remaining balance shall be used in accordance with ordinances adopted and approved by Council.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2024, consisted of taxes, accounts (billings for user charged services), accrued interest, special assessments, opioid settlement, and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as "due from other governments" on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2024.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 8 - RECEIVABLES - (Continued)**

A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Income taxes	\$ 635,569
Real and other taxes	475,181
Accounts	221,513
Special assessments	16,155
Due from other governments	309,993
Accrued interest	82,334
Opioid settlement	55,278

**Business-type activities:**

Accounts	548,193
Due from other governments	885,034

Receivables have been disaggregated on the face of the BFS. All receivables are expected to be collected within the subsequent year with the exception of the opioid settlement receivable which will be collected over the course of the settlement agreements. Receivables in the amount of \$51,390 will not be received within one year.

**NOTE 9 - CAPITAL ASSETS**

A. Governmental capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 1/1/2024	Additions	Disposals	Balance 12/31/2024
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,320,002	\$ -	\$ -	\$ 1,320,002
Construction in progress	389,065	153,509	(20,841)	521,733
<i>Total capital assets, not being depreciated</i>	<u>1,709,067</u>	<u>153,509</u>	<u>(20,841)</u>	<u>1,841,735</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	452,987	15,000	-	467,987
Buildings	4,599,192	27,911	-	4,627,103
Equipment	3,937,735	336,792	(5,313)	4,269,214
Vehicles	3,472,473	134,595	-	3,607,068
Infrastructure	16,139,629	433,741	-	16,573,370
<i>Total capital assets, being depreciated</i>	<u>28,602,016</u>	<u>948,039</u>	<u>(5,313)</u>	<u>29,544,742</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(333,552)	(14,193)	-	(347,745)
Buildings	(3,512,646)	(71,864)	-	(3,584,510)
Equipment	(2,692,365)	(200,191)	5,313	(2,887,243)
Vehicles	(2,986,314)	(82,771)	-	(3,069,085)
Infrastructure	(5,273,720)	(391,324)	-	(5,665,044)
<i>Total accumulated depreciation</i>	<u>(14,798,597)</u>	<u>(760,343)</u>	<u>5,313</u>	<u>(15,553,627)</u>
Total capital assets, being depreciated, net	<u>13,803,419</u>	<u>187,696</u>	<u>-</u>	<u>13,991,115</u>
Total governmental activities capital assets	<u>\$ 15,512,486</u>	<u>\$ 341,205</u>	<u>\$ (20,841)</u>	<u>\$ 15,832,850</u>

**CITY OF WILLARD  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 9 - CAPITAL ASSETS - (Continued)**

**B.** Business-type activities capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 1/1/2024	Additions	Disposals	Balance 12/31/2024
<b>Business-type activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 954,431	\$ -	\$ -	\$ 954,431
Construction in progress	541,066	4,386,255	-	4,927,321
<i>Total capital assets, not being depreciated:</i>	<u>1,495,497</u>	<u>4,386,255</u>	<u>-</u>	<u>5,881,752</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	115,380	-	-	115,380
Buildings	6,833,154	17,026	-	6,850,180
Equipment	8,771,375	157,730	-	8,929,105
Vehicles	983,752	252,538	-	1,236,290
Utility plant in service	14,833,649	552,700	-	15,386,349
<i>Total capital assets, being depreciated:</i>	<u>31,537,310</u>	<u>979,994</u>	<u>-</u>	<u>32,517,304</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(98,951)	(3,289)	-	(102,240)
Buildings	(6,089,516)	(86,197)	-	(6,175,713)
Equipment	(6,145,831)	(314,187)	-	(6,460,018)
Vehicles	(727,278)	(48,731)	-	(776,009)
Utility plant in service	(7,740,558)	(368,030)	-	(8,108,588)
<i>Total accumulated depreciation</i>	<u>(20,802,134)</u>	<u>(820,434)</u>	<u>-</u>	<u>(21,622,568)</u>
Total capital assets, being depreciated, net	<u>10,735,176</u>	<u>159,560</u>	<u>-</u>	<u>10,894,736</u>
Total business-type activities capital assets	<u>\$ 12,230,673</u>	<u>\$ 4,545,815</u>	<u>\$ -</u>	<u>\$ 16,776,488</u>

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**CITY OF WILLARD  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 9 - CAPITAL ASSETS - (Continued)**

C. Depreciation expense was charged to functions/programs of the City as follows:

**Governmental activities:**

General government	\$ 33,749
Security of persons and property	195,579
Public health and welfare	3,932
Transportation	391,248
Community environment	67,693
Leisure time activities	<u>68,142</u>
Total governmental activities	<u>\$ 1,000,545</u>

**Business-type activities:**

Sewer	\$ 487,707
Water	<u>332,727</u>
Total business-type activities	<u>\$ 820,434</u>

**NOTE 10 - VACATION, SICK LEAVE AND ACCUMULATED UNPAID EMPLOYEE BENEFITS**

Vacation is earned and accrued monthly based upon the years of service, ranging from 4 hours/month to 20 hours/month. Vacation may be accrued up to two full years. Accrued vacation is paid at termination unless the employee has not completed one full year of service. Sick leave accumulates at a rate of 10 hours/month for all full-time employees. Accumulation of sick leave is limited to 1,440 hours. The amount payable to an eligible retiree is 35% of the unused accumulated sick leave.

The City has union agreements with the Fraternal Order of Police (FOP) and the International Association of Fire Fighters (IAFF). The FOP agreement covers all the full-time police officers and dispatchers except the chief of police, assistant chief of police and probationary employees in the first sixty days of employment. The agreement with the IAFF covers all full-time fire fighters except the chief and assistant chief. Non-union employees are governed by the charter and City ordinances.

The agreement states that 35% of accrued unpaid sick leave will be paid to an employee when the employee retires from active service with the City and qualifies and begins to receive pension payments under the Ohio Public Employees Retirement System (OPERS) or other State operated pension and retirement programs. Sick leave may be accumulated to a total of 1,440 hours. A full-time employee shall be entitled to a cash payment, equal to 35% of his daily wage, of any unused sick leave accumulated in the current year above the 1,440 hour limit. This payment is made during the last pay period each year. After an employee has worked for the City for one year, the employee is entitled to vacation leave following his anniversary date. An employee may accumulate two years of unused vacation. No employee shall be compensated for any vacation not taken unless the employee is leaving the service of the City.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 11 - LONG-TERM OBLIGATIONS**

- A. Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated balances as of December 31, 2023 which is reflected in the schedule below. During 2024, the following changes occurred in governmental activities long-term obligations.

<b>Governmental activities:</b>	<b>Date of Issue</b>	<b>Interest Rate</b>	<b>Restated Balance 1/1/2024</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/2024</b>	<b>Amounts Due in One Year</b>
<u><b>Issue II loans - direct borrowings:</b></u>							
Street improvements	2016	0.00%	\$ 355,987	\$ -	\$ (88,997)	\$ 266,990	\$ 88,996
Willard street improvements	2021	0.00%	74,313	-	(8,742)	65,571	8,743
Various street improvements	2022	0.00%	116,618	-	(11,662)	104,956	11,662
Total Issue II loans			<u>546,918</u>	<u>-</u>	<u>(109,401)</u>	<u>437,517</u>	<u>109,401</u>
<u><b>Other long-term obligations:</b></u>							
Net pension liability			7,960,526	351,143	-	8,311,669	-
Net OPEB liability			447,923	-	(104)	447,819	-
Compensated absences*			847,917	23,061	-	870,978	349,540
Total other long-term obligations			<u>9,256,366</u>	<u>374,204</u>	<u>(104)</u>	<u>9,630,466</u>	<u>349,540</u>
Total governmental activities long-term obligations			<u>\$ 9,803,284</u>	<u>\$ 374,204</u>	<u>\$ (109,505)</u>	<u>\$ 10,067,983</u>	<u>\$ 458,941</u>

\*The change in compensated absences' liability is presented as a net change.

**Issue II loans:** These loans were issued for various street improvements. Funding came from Issue II monies in the form of a note payable that is to be repaid from local funds from the note and bond retirement fund, a nonmajor governmental fund. The 2021 Willard street improvements, 2016 Street improvements and 2022 Various street improvements loans will be repaid over a period of 10 years. These loans are interest free.

Issue II loans are direct borrowings that have terms negotiated directly between the City and the Ohio Public Works Commission (OPWC) and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

**Net pension liability and net OPEB liability:** For a discussion of the City's net pension liability (asset) and net OPEB liability (asset), see Notes 13 and 14.

The following is the summary of the City's future annual debt service for governmental activities obligations:

Year Ending December 31,	Issue II Loans - Direct Borrowing		
	Principal	Interest	Total
2025	\$ 109,401	\$ -	\$ 109,401
2026	109,402	-	109,402
2027	109,401	-	109,401
2028	20,404	-	20,404
2029	20,405	-	20,405
2030 - 2033	68,504	-	68,504
Total	<u>\$ 437,517</u>	<u>\$ -</u>	<u>\$ 437,517</u>

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

- B.** Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated balances as of December 31, 2023 which is reflected in the schedule below. During 2024, the following changes occurred in the City's business-type long-term obligations.

<b>Business-type activities:</b>	<b>Date of Issue</b>	<b>Interest Rate</b>	<b>Restated Balance 1/1/2024</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/2024</b>	<b>Amounts Due in One Year</b>
<u><b>OWDA loans - direct borrowings:</b></u>							
US 224 lift station	2010	1.00%	\$ 82,357	\$ -	\$ (11,416)	\$ 70,941	\$ 11,531
WWTP improvements	2014	1.00%	1,300,631	-	(98,187)	1,202,444	99,172
Sewer plant improvements	2021	0.76%	444,841	-	(54,140)	390,701	54,552
Water system improvements	2021	2.58%	420,731	426,545	(52,692)	794,584	-
Park St. waterline replacement	2022	1.91%	552,046	-	(25,588)	526,458	51,778
US 224 water tower rehab	2024	1.98%	-	542,021	-	542,021	24,640
<b>Total OWDA loans</b>			<u>2,800,606</u>	<u>968,566</u>	<u>(242,023)</u>	<u>3,527,149</u>	<u>241,673</u>
<u><b>Issue II loans - direct borrowings:</b></u>							
US 224 pump station	2010	0.00%	26,231	-	(26,231)	-	-
WWTP improvements	2014	0.00%	17,500	-	(17,500)	-	-
Raw waterline replacement	2017	0.00%	46,500	-	(3,000)	43,500	3,000
<b>Total Issue II loans</b>			<u>90,231</u>	<u>-</u>	<u>(46,731)</u>	<u>43,500</u>	<u>3,000</u>
<u><b>Other long-term obligations:</b></u>							
Net pension liability			1,408,031	-	(147,048)	1,260,983	-
Net OPEB liability			30,183	-	(30,183)	-	-
Compensated absences*			341,618	26,644	-	368,262	137,410
<b>Total other long-term obligations</b>			<u>1,779,832</u>	<u>26,644</u>	<u>(177,231)</u>	<u>1,629,245</u>	<u>137,410</u>
<b>Total business-type activities long-term obligations</b>			<u>\$ 4,670,669</u>	<u>\$ 995,210</u>	<u>\$ (465,985)</u>	<u>\$ 5,199,894</u>	<u>\$ 382,083</u>

\*The change in compensated absences' liability is presented as a net change.

**Issue II loans:** These loans were issued for the purpose of advancing funds so as to improve the Woodbine Avenue sewer system, US 224 pump station, the wastewater treatment plant (WWTP), and the raw waterline replacement. Funding for the projects came from the local funds and the above-mentioned notes. The WWTP improvement loan and US 224 pump station loan were retired early and paid in full in 2024. The other loan will be repaid over a period of 20 years. The loans are interest free. The US 224 pump station and WWTP improvement loans were repaid from the sewer fund. The raw waterline replacement loan is to be repaid from the water fund.

Issue II loans are direct borrowings that have terms negotiated directly between the City and the Ohio Public Works Commission (OPWC) and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

**OWDA (Ohio Water Development Authority) loans:**

**US 224 lift station 2010:** The debt was incurred in 2010 to pay the cost of improvements to the US 224 lift station. The loan is payable from the sewer fund. This loan bears an interest rate of 1.00% and matures on July 1, 2030.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

WWTP improvement 2014: The debt was incurred beginning in 2014 to pay the cost of improvements to the wastewater treatment plant. The loan is payable from the sewer fund. This loan bears an interest rate of 1.00% and matures on January 1, 2036.

Sewer plant improvements 2021: The debt was incurred in 2021 to refinance the bond anticipation note payable discussed in Note 11, which was used to pay for upgrades at the wastewater treatment plant. The loan is payable from the sewer fund. This loan bears an interest rate of 0.76% and matures on July 1, 2031.

Water system improvement 2021: The debt was incurred beginning in 2021 to pay the cost of improvements to the water system. The loan is payable from the water fund. This loan bears an interest rate of 2.58% and matures on July 1, 2045. At December 31, 2024, the project is ongoing and the loan has not been finalized. Additional amounts are expected to be drawn down in 2025. Therefore, the balance of this loan is not included in the amortization schedule presented below.

Park Street waterline replacement 2022: The debt was incurred beginning in 2022 to pay the cost of the replacement of the Park Street waterline. The loan is payable from the water fund. This loan bears an interest rate of 1.91% and matures on January 1, 2034.

US 224 water tower rehab 2024: The debt was incurred beginning in 2024 to pay the cost of rehabbing the US 224 water tower. The loan is payable from the water fund. This loan bears an interest rate of 1.98% and matures on January 1, 2035.

The City has pledged future sewer revenues to repay OWDA loans. The loans are payable solely from sewer fund revenues and are payable through 2036. Annual principal and interest payments on the loans are expected to require 28.89 percent of net revenues and 6.82 percent of total revenues. Principal and interest paid for the current year were \$180,578, total net revenues were \$625,045 and total revenues were \$2,649,265.

The City has pledged future water revenues to repay OWDA loans. The loans are payable solely from water fund revenues and are payable through 2045. Annual principal and interest payments on the loans are expected to require 10.71 percent of net revenues and 1.25 percent of total revenues. Principal and interest paid for the current year were \$82,666, total net revenues were \$771,682 and total revenues were \$6,595,387.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Net pension liability and net OPEB liability: For a discussion of the City's net pension liability (asset) and net OPEB liability (asset), see Notes 13 and 14.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The following is the summary of the City's future annual debt service and interest requirements for business-type activities obligations:

Year Ending December 31,	OWDA Loans - Direct Borrowing			Issue II Loans - Direct Borrowing		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 241,673	\$ 28,860	\$ 270,533	\$ 3,000	\$ -	\$ 3,000
2026	269,388	31,151	300,539	3,000	-	3,000
2027	272,754	27,785	300,539	3,000	-	3,000
2028	276,170	24,369	300,539	3,000	-	3,000
2029	279,637	20,902	300,539	3,000	-	3,000
2030 - 2034	1,198,459	53,163	1,251,622	15,000	-	15,000
2035 - 2039	194,484	1,945	196,429	13,500	-	13,500
Total	<u>\$ 2,732,565</u>	<u>\$ 188,175</u>	<u>\$ 2,920,740</u>	<u>\$ 43,500</u>	<u>\$ -</u>	<u>\$ 43,500</u>

**C. Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2024, the City's total debt margin was \$11,353,261 and the unvoted debt margin was \$5,877,619.

**NOTE 12 - RISK MANAGEMENT**

**A. Property and Casualty Insurance**

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (City's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**CITY OF WILLARD  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 12 - RISK MANAGEMENT - (Continued)**

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2024</u>
Cash and investments	\$ 48,150,572
Actuarial liabilities	\$ 22,652,556

Property and casualty settlements did not exceed insurance coverage for the past three years. There have been no significant reductions in coverage from the prior year.

**B. Employee Health Insurance**

The City has elected to provide employee medical, prescription, dental and vision benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risk loss in this program. The Jefferson Health Plan is the consortium that administers the provision of medical, dental, vision, hospitalization, and prescription drug benefits for all claims incurred during membership in the Jefferson Health Plan. A third-party administrator chosen by the City then provides administrative services to the Jefferson Health Plan in connection with the processing and payment of claims. The City of Willard is responsible for the first \$50,000 in claims, the Jefferson Health Plan is responsible for claims from \$50,000 to \$1,500,000 and claims over \$1,500,000 are covered with stop-loss coverage with a carrier chosen by the consortium. Fixed premiums for the calendar year are determined by the Jefferson Health Plan and paid to the third-party administrator.

The claims liability of \$233,095 reported in the internal service fund at December 31, 2024 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the two fiscal years is as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2024	\$ 122,454	\$ 1,922,844	\$ (1,812,203)	\$ 233,095
2023	45,412	962,455	(885,413)	122,454

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 converge in any of the past three years.

**CITY OF WILLARD  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability (Asset) and Net OPEB Liability (Asset)***

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the pension disclosures. See Note 14 for the OPEB disclosures.

**CITY OF WILLARD  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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. (The latest information available.) Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<p style="text-align: center;"><b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013</p>	<p style="text-align: center;"><b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013</p>	<p style="text-align: center;"><b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013</p>
<p style="text-align: center;"><b>State and Local</b></p>	<p style="text-align: center;"><b>State and Local</b></p>	<p style="text-align: center;"><b>State and Local</b></p>
<p><b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p>	<p><b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p>	<p><b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit</p>
<p><b>Traditional Plan 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</p>	<p><b>Traditional Plan 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</p>	<p><b>Traditional Plan 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</p>
<p><b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30</p>	<p><b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30</p>	<p><b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35</p>

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 3.00%. 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 3.00%.

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 20.00% 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.

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**CITY OF WILLARD  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>State and Local</u>	
	<u>Traditional</u>	<u>Combined</u>
<b>2024 Statutory Maximum Contribution Rates</b>		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
<b>2024 Actual Contribution Rates</b>		
Employer:		
Pension ****	14.0 %	12.0 %
Post-employment Health Care Benefits ****	<u>0.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>

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

\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$358,136 for 2024. Of this amount, \$39,456 is reported as due to other governments.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](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 OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% 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 3.00% 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 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$424,191 for 2024. Of this amount, \$48,051 is reported as due to other governments.

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HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability (asset) for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability (asset) 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 and pension expense:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability (asset) prior measurement date	0.01417500%	0.02460000%	0.00851300%	0.05454510%	
Proportion of the net pension liability (asset) current measurement date	0.01393000%	0.02611300%	0.00881700%	0.06133410%	
Change in proportionate share	-0.00024500%	0.00151300%	0.00030400%	0.00678900%	
Proportionate share of the net pension liability	\$ 3,646,931	\$ -	\$ -	\$ 5,925,721	\$ 9,572,652
Proportionate share of the net pension (asset)	-	(80,267)	(984)	-	(81,251)
Pension expense	393,216	5,895	(93)	652,692	1,051,710

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 13 - 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 - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	\$ 59,606	\$ 3,253	\$ 2,105	\$ 190,234	\$ 255,198
Net difference between projected and actual earnings on pension plan investments	736,109	13,054	174	671,510	1,420,847
Changes of assumptions	-	2,978	34	374,500	377,512
Changes in employer's proportionate percentage/ difference between employer contributions	8,846	-	-	448,069	456,915
Contributions subsequent to the measurement date	335,982	15,218	6,936	424,191	782,327
Total deferred outflows of resources	<u>\$ 1,140,543</u>	<u>\$ 34,503</u>	<u>\$ 9,249</u>	<u>\$ 2,108,503</u>	<u>\$ 3,292,798</u>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	\$ -	\$ 7,944	\$ -	\$ 66,274	\$ 74,218
Changes of assumptions	-	-	-	89,989	89,989
Changes in employer's proportionate percentage/ difference between employer contributions	40,516	-	-	38,223	78,739
Total deferred inflows of resources	<u>\$ 40,516</u>	<u>\$ 7,944</u>	<u>\$ -</u>	<u>\$ 194,486</u>	<u>\$ 242,946</u>

\$782,327 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/increase to the net pension liability/asset in the year ending December 31, 2025.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
2025	\$ 159,852	\$ 1,991	\$ 363	\$ 353,082	\$ 515,288
2026	239,269	3,587	368	393,853	637,077
2027	469,739	7,518	417	558,517	1,036,191
2028	(104,815)	(2,157)	243	69,464	(37,265)
2029	-	219	235	114,101	114,555
Thereafter	-	183	687	809	1,679
Total	<u>\$ 764,045</u>	<u>\$ 11,341</u>	<u>\$ 2,313</u>	<u>\$ 1,489,826</u>	<u>\$ 2,267,525</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. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation

Current measurement date 2.75%

Prior measurement date 2.75%

Future salary increases, including inflation

Current measurement date 2.75% to 10.75% including wage inflation

Prior measurement date 2.75% to 10.75% including wage inflation

COLA or ad hoc COLA

Current measurement date Pre 1/7/2013 retirees: 3.00%, simple

Post 1/7/2013 retirees: 2.30%, simple  
through 2024, then 2.05% simple

Prior measurement date Pre 1/7/2013 retirees: 3.00%, simple

Post 1/7/2013 retirees: 3.00%, simple  
through 2023, then 2.05% simple

Investment rate of return

Current measurement date 6.90%

Prior measurement date 6.90%

Actuarial cost method

Individual entry age

**CITY OF WILLARD  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the 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 11.20% for 2023.

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>	

**CITY OF WILLARD  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 5,741,250	\$ 3,646,931	\$ 1,905,067
Combined Plan	(48,570)	(80,267)	(105,235)
Member-Directed Plan	(705)	(984)	(1,234)

**Actuarial Assumptions - OP&F**

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

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HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Healthy Mortality*

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

*Disabled Mortality*

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

*Contingent Annuitant Mortality*

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

*Pre-Retirement Mortality*

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	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 2x

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

**Discount Rate** - Total pension liability was calculated using the discount rate of 7.50%. 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment 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%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 7,849,058	\$ 5,925,721	\$ 4,326,278

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

***Net OPEB Liability (Asset)***

See Note 13 for a description of the net OPEB liability (asset).

***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.

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;

**Group C** 32 years of total service credit 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;

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (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

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

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

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% 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 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% 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 20.00% 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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. In 2024, state and local employers contributed at a rate of 14.00% 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 2.00% 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 4.00%. 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 \$5,310 for 2024. Of this amount, \$585 is reported as due to other governments.

***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.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% 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 \$10,135 for 2024. Of this amount, \$1,148 is reported as intergovernmental payable/due to other governments/pension and postemployment benefits payable.

***Net OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows or 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 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 and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.01423600%	0.05454510%	
Proportion of the net OPEB liability (asset) current measurement date	0.01403600%	0.06133410%	
Change in proportionate share	<u>-0.00020000%</u>	<u>0.00678900%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 447,819	\$ 447,819
Proportionate share of the net OPEB (asset)	(126,678)	-	(126,678)
OPEB expense	(13,309)	13,178	(131)

**CITY OF WILLARD  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (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>			
Differences between expected and actual experience	\$ -	\$ 21,535	\$ 21,535
Net difference between projected and actual earnings on OPEB plan investments	76,081	33,065	109,146
Changes of assumptions	32,614	154,102	186,716
Changes in employer's proportionate percentage/ difference between employer contributions	1,767	94,866	96,633
Contributions subsequent to the measurement date	5,310	10,135	15,445
Total deferred outflows of resources	<u>\$ 115,772</u>	<u>\$ 313,703</u>	<u>\$ 429,475</u>
	OPERS	OP&F	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 18,029	\$ 82,297	\$ 100,326
Changes of assumptions	54,454	288,382	342,836
Changes in employer's proportionate percentage/ difference between employer contributions	897	45,653	46,550
Total deferred inflows of resources	<u>\$ 73,380</u>	<u>\$ 416,332</u>	<u>\$ 489,712</u>

\$15,445 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/increase to the net OPEB liability in the year ending December 31, 2025.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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	\$ (2,843)	\$ (4,806)	\$ (7,649)
2026	6,391	(12,300)	(5,909)
2027	59,219	(4,871)	54,348
2028	(25,685)	(30,405)	(56,090)
2029	-	(32,223)	(32,223)
Thereafter	-	(28,159)	(28,159)
Total	<u>\$ 37,082</u>	<u>\$ (112,764)</u>	<u>\$ (75,682)</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 health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future 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's 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 Trusts (REITs)	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% 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%. 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% and a municipal bond rate of 3.77%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 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 proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the 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%) or one-percentage-point higher (6.70%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability (asset)	\$ 69,619	\$ (126,678)	\$ (289,282)

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

***Sensitivity of the City's Proportionate Share of the Net OPEB (Asset) to Changes in the Health Care Cost Trend Rate*** - Changes in the health care cost trend rate may also have a significant impact on the net OPEB (asset). The following table presents the net OPEB (asset) calculated using the assumed trend rates, and the expected net OPEB (asset) if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% 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%. 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% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB (asset)	\$ (131,938)	\$ (126,678)	\$ (120,710)

***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 retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of 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.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

*Health Mortality*

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

*Disabled Mortality*

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

*Contingent Annuitant Mortality*

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

*Pre-Retirement Mortality*

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.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	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 2x

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

**Discount Rate** - Total OPEB liability was calculated using the discount rate of 4.07%. 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 7.50%. 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 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 551,589	\$ 447,819	\$ 360,425

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 15 - TAX ABATEMENTS**

As of December 31, 2024, the City provides tax abatements through two programs: Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The City has entered into agreements to abate property taxes through these programs. During 2024, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>City Taxes Abated</u>
CRA	\$ 3,077
Ezone	13,893
Total	<u>\$ 16,970</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2024.

**B. Litigation**

At December 31, 2024, the City was not involved in any lawsuits that would have a material adverse effect on the City's financial position.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 17 - RESTRICTED ASSETS**

Restricted assets are specifically restricted for repayment to water customers who were required to make deposits for the guarantee of payment of water and sewer bills. Restricted cash and investments designated by the City or provided by operations are equally offset by a refundable deposit payable. Restricted assets at December 31, 2024 are comprised of the following:

	<u>Cash and Investments</u>
Water fund:	
Customer deposits	<u>\$         85,715</u>

**NOTE 18 - ASSET RETIREMENT OBLIGATIONS**

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

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**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 19 - FUND BALANCE**

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

Fund balance	General	Safety Services Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Materials and supplies inventory	\$ 9,837	\$ -	\$ 21,372	\$ 31,209
Prepays	251,920	17,765	6,206	275,891
Unclaimed monies	21,081	-	-	21,081
Perpetual care	-	-	39,852	39,852
Total nonspendable	<u>282,838</u>	<u>17,765</u>	<u>67,430</u>	<u>368,033</u>
<b>Restricted:</b>				
Capital improvements	-	-	1,606,411	1,606,411
Transportation projects	-	-	1,410,482	1,410,482
Police and fire purposes	-	1,005,843	91,875	1,097,718
Other purposes	-	-	299,423	299,423
Total restricted	<u>-</u>	<u>1,005,843</u>	<u>3,408,191</u>	<u>4,414,034</u>
<b>Committed:</b>				
Capital improvements	-	-	1,791,791	1,791,791
Recreation programs	-	-	165,928	165,928
Transportation projects	-	-	30,176	30,176
Other purposes	-	-	89,607	89,607
Total committed	<u>-</u>	<u>-</u>	<u>2,077,502</u>	<u>2,077,502</u>
<b>Assigned:</b>				
Debt service	-	-	132,352	132,352
Capital improvements	-	-	345,288	345,288
Subsequent year appropriations	964,239	-	-	964,239
Other purposes	3,841	-	-	3,841
Total assigned	<u>968,080</u>	<u>-</u>	<u>477,640</u>	<u>1,445,720</u>
Unassigned (deficit)	<u>937,084</u>	<u>-</u>	<u>(41,923)</u>	<u>895,161</u>
Total fund balances	<u>\$ 2,188,002</u>	<u>\$ 1,023,608</u>	<u>\$ 5,988,840</u>	<u>\$ 9,200,450</u>

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget - Over (Under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary revenues:</b>				
Income taxes . . . . .	\$ 3,003,500	\$ 3,003,500	\$ 2,903,787	\$ (99,713)
Real and other taxes. . . . .	312,500	312,500	292,513	(19,987)
Charges for services. . . . .	726,975	726,975	661,756	(65,219)
Licenses and permits . . . . .	87,200	87,200	82,440	(4,760)
Fines, forfeitures and settlements . . . . .	13,500	13,500	5,780	(7,720)
Intergovernmental. . . . .	289,650	289,650	258,285	(31,365)
Investment income. . . . .	285,000	447,853	288,954	(158,899)
Contributions and donations. . . . .	10,000	10,000	5,523	(4,477)
Other . . . . .	129,000	129,000	26,537	(102,463)
Total budgetary revenues	<u>4,857,325</u>	<u>5,020,178</u>	<u>4,525,575</u>	<u>(494,603)</u>
<b>Budgetary expenditures:</b>				
Current:				
General government . . . . .	1,146,606	1,146,606	759,188	387,418
Security of persons and property . . . . .	4,009,260	4,009,260	2,957,127	1,052,133
Public health and welfare. . . . .	14,900	14,900	7,060	7,840
Transportation . . . . .	256,521	236,521	191,689	44,832
Community environment . . . . .	560,110	571,110	446,492	124,618
Total budgetary expenditures	<u>5,987,397</u>	<u>5,978,397</u>	<u>4,361,556</u>	<u>1,616,841</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>(1,130,072)</u>	<u>(958,219)</u>	<u>164,019</u>	<u>1,122,238</u>
<b>Budgetary other financing sources (uses):</b>				
Advances in . . . . .	30,000	30,000	-	(30,000)
Transfers in . . . . .	49,936	49,936	4,936	(45,000)
Transfers (out). . . . .	-	(162,853)	(162,853)	-
Total budgetary other financing sources (uses)	<u>79,936</u>	<u>(82,917)</u>	<u>(157,917)</u>	<u>(75,000)</u>
Net change in fund balance . . . . .	(1,050,136)	(1,041,136)	6,102	1,047,238
<b>Budgetary fund balance at beginning of year</b>	<u>1,398,929</u>	<u>1,398,929</u>	<u>1,398,929</u>	<u>-</u>
<b>Budgetary fund balance at end of year. . . .</b>	<u><u>\$ 348,793</u></u>	<u><u>\$ 357,793</u></u>	<u><u>\$ 1,405,031</u></u>	<u><u>\$ 1,047,238</u></u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
SAFETY SERVICES INCOME TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Budgeted Amounts</b>		<b>Actual Amounts Budgetary Basis</b>	<b>Variance with Final Budget - Over (Under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>		
<b>Budgetary revenues:</b>				
Income taxes . . . . .	\$ 1,828,500	\$ 1,828,500	\$ 1,234,094	\$ (594,406)
Total budgetary revenues	<u>1,828,500</u>	<u>1,828,500</u>	<u>1,234,094</u>	<u>(594,406)</u>
<b>Budgetary expenditures:</b>				
Current:				
Security of persons and property . . . . .	967,100	967,100	261,033	706,067
Capital outlay . . . . .	<u>150,000</u>	<u>150,000</u>	<u>40,935</u>	<u>109,065</u>
Total budgetary expenditures	<u>1,117,100</u>	<u>1,117,100</u>	<u>301,968</u>	<u>815,132</u>
Net change in fund balance . . . . .	711,400	711,400	932,126	220,726
<b>Budgetary fund balance at beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Budgetary fund balance at end of year. . . .</b>	<u><u>\$ 711,400</u></u>	<u><u>\$ 711,400</u></u>	<u><u>\$ 932,126</u></u>	<u><u>\$ 220,726</u></u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN

LAST TEN YEARS

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Liability</b>	<b>City's Proportionate Share of the Net Pension Liability</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.013930000%	\$ 3,646,931	\$ 2,381,743	153.12%	79.01%
2023	0.014175000%	4,187,301	2,269,871	184.47%	75.74%
2022	0.014426000%	1,255,120	2,207,629	56.85%	92.62%
2021	0.014303000%	2,117,963	1,895,579	111.73%	86.88%
2020	0.014912000%	2,947,458	2,040,364	144.46%	82.17%
2019	0.016105000%	4,410,833	2,230,507	197.75%	74.70%
2018	0.016095000%	2,524,993	2,111,692	119.57%	84.66%
2017	0.015811000%	3,590,409	2,061,800	174.14%	77.25%
2016	0.015702000%	2,719,784	1,984,567	137.05%	81.08%
2015	0.016149000%	1,947,749	1,988,125	97.97%	86.45%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 335,982	\$ (335,982)	\$ -	\$ 2,399,871	14.00%
2023	333,444	(333,444)	-	2,381,743	14.00%
2022	317,782	(317,782)	-	2,269,871	14.00%
2021	309,068	(309,068)	-	2,207,629	14.00%
2020	265,381	(265,381)	-	1,895,579	14.00%
2019	285,651	(285,651)	-	2,040,364	14.00%
2018	312,271	(312,271)	-	2,230,507	14.00%
2017	274,520	(274,520)	-	2,111,692	13.00%
2016	247,416	(247,416)	-	2,061,800	12.00%
2015	238,148	(238,148)	-	1,984,567	12.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION ASSET AND  
CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - COMBINED PLAN

LAST TEN YEARS

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Asset</b>	<b>City's Proportionate Share of the Net Pension Asset</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.026113000%	\$ 80,267	\$ 119,908	66.94%	144.55%
2023	0.024600000%	57,981	114,379	50.69%	137.14%
2022	0.024079000%	94,872	109,779	86.42%	169.88%
2021	0.023481000%	67,780	103,479	65.50%	157.67%
2020	0.022380000%	46,668	99,629	46.84%	145.28%
2019	0.022178000%	24,800	94,850	26.15%	126.64%
2018	0.023018000%	31,336	94,262	33.24%	137.28%
2017	0.019417000%	10,807	75,575	14.30%	116.55%
2016	0.024720000%	12,029	98,275	12.24%	116.90%
2015	0.028183000%	10,851	103,017	10.53%	114.83%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 15,218	\$ (15,218)	\$ -	\$ 126,817	12.00%
2023	14,389	(14,389)	-	119,908	12.00%
2022	16,013	(16,013)	-	114,379	14.00%
2021	15,369	(15,369)	-	109,779	14.00%
2020	14,487	(14,487)	-	103,479	14.00%
2019	13,948	(13,948)	-	99,629	14.00%
2018	13,279	(13,279)	-	94,850	14.00%
2017	12,254	(12,254)	-	94,262	13.00%
2016	9,069	(9,069)	-	75,575	12.00%
2015	11,793	(11,793)	-	98,275	12.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION ASSET AND  
CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - MEMBER DIRECTED PLAN

LAST TEN YEARS

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Asset</b>	<b>City's Proportionate Share of the Net Pension Asset</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.008817000%	\$ 984	\$ 64,950	1.52%	134.44%
2023	0.008513000%	666	57,780	1.15%	126.74%
2022	0.010994000%	1,996	68,930	2.90%	171.84%
2021	0.011954000%	2,179	71,790	3.04%	188.21%
2020	0.012101000%	457	71,930	0.64%	118.84%
2019	0.012121000%	276	69,290	0.40%	113.42%
2018	0.010278000%	359	56,340	0.64%	124.46%
2017	0.009051000%	38	37,200	0.10%	103.40%
2016	0.007258000%	28	40,425	0.07%	103.91%
2015	n/a	n/a	n/a	n/a	n/a

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 6,936	\$ (6,936)	\$ -	\$ 69,360	10.00%
2023	6,495	(6,495)	-	64,950	10.00%
2022	5,778	(5,778)	-	57,780	10.00%
2021	6,893	(6,893)	-	68,930	10.00%
2020	7,179	(7,179)	-	71,790	10.00%
2019	7,193	(7,193)	-	71,930	10.00%
2018	6,929	(6,929)	-	69,290	10.00%
2017	5,634	(5,634)	-	56,340	10.00%
2016	4,464	(4,464)	-	37,200	12.00%
2015	4,851	(4,851)	-	40,425	12.00%

(1) Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.  
n/a - information not available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY AND  
CITY PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

<b>Calendar Year (1)</b>	<b>City's Proportion of the Net Pension Liability</b>	<b>City's Proportionate Share of the Net Pension Liability</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.061334100%	\$ 5,925,721	\$ 1,787,917	331.43%	63.63%
2023	0.054545100%	5,181,256	1,528,082	339.07%	62.90%
2022	0.054111700%	3,380,586	1,447,266	233.58%	75.03%
2021	0.054717400%	3,730,134	1,314,708	283.72%	70.65%
2020	0.055198800%	3,718,486	1,357,672	273.89%	69.89%
2019	0.057180000%	4,667,399	1,299,698	359.11%	63.07%
2018	0.052938000%	3,249,013	1,570,297	206.90%	70.91%
2017	0.060031000%	3,802,265	1,455,742	261.19%	68.36%
2016	0.053956000%	3,471,018	1,509,985	229.87%	66.77%
2015	0.053089300%	2,750,247	1,444,386	190.41%	71.71%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<i>Police:</i>					
2024	\$ 220,178	\$ (220,178)	\$ -	\$ 1,158,832	19.00%
2023	202,069	(202,069)	-	1,063,521	19.00%
2022	174,780	(174,780)	-	919,895	19.00%
2021	173,185	(173,185)	-	911,500	19.00%
2020	159,196	(159,196)	-	837,874	19.00%
2019	173,507	(173,507)	-	913,195	19.00%
2018	169,341	(169,341)	-	891,268	19.00%
2017	223,633	(223,633)	-	1,177,016	19.00%
2016	196,673	(196,673)	-	1,035,121	19.00%
2015	222,441	(222,441)	-	1,170,742	19.00%
<i>Fire:</i>					
2024	\$ 204,013	\$ (204,013)	\$ -	\$ 868,140	23.50%
2023	170,233	(170,233)	-	724,396	23.50%
2022	142,924	(142,924)	-	608,187	23.50%
2021	125,905	(125,905)	-	535,766	23.50%
2020	112,056	(112,056)	-	476,834	23.50%
2019	104,452	(104,452)	-	444,477	23.50%
2018	95,981	(95,981)	-	408,430	23.50%
2017	92,421	(92,421)	-	393,281	23.50%
2016	98,846	(98,846)	-	420,621	23.50%
2015	79,722	(79,722)	-	339,243	23.50%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN YEARS

<b>Calendar Year (1) (2)</b>	<b>City's Proportion of the Net OPEB Liability/(Asset)</b>	<b>City's Proportionate Share of the Net OPEB Liability/(Asset)</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)</b>
2024	0.014036000%	\$ (126,678)	\$ 2,566,601	4.94%	107.76%
2023	0.014236000%	89,761	2,442,030	3.68%	94.79%
2022	0.014572000%	(456,417)	2,386,338	19.13%	128.23%
2021	0.014479000%	(257,955)	2,070,848	12.46%	115.57%
2020	0.015023000%	2,075,067	2,211,923	93.81%	47.80%
2019	0.016128000%	2,102,710	2,394,647	87.81%	46.33%
2018	0.016080000%	1,746,170	2,262,294	77.19%	54.14%
2017	0.015621240%	1,577,798	2,174,575	72.56%	54.05%

<b>Calendar Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 5,310	\$ (5,310)	\$ -	\$ 2,596,048	0.20%
2023	4,996	(4,996)	-	2,566,601	0.19%
2022	2,311	(2,311)	-	2,442,030	0.09%
2021	2,757	(2,757)	-	2,386,338	0.12%
2020	2,872	(2,872)	-	2,070,848	0.14%
2019	2,877	(2,877)	-	2,211,923	0.13%
2018	2,771	(2,771)	-	2,394,647	0.12%
2017	24,313	(24,313)	-	2,262,294	1.07%
2016	44,862	(44,862)	-	2,174,575	2.06%
2015	41,657	(41,657)	-	2,123,267	1.96%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY AND  
CITY OPEB CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT AND TEN YEARS

<b>Fiscal Year (1) (2)</b>	<b>City's Proportion of the Net OPEB Liability</b>	<b>City's Proportionate Share of the Net OPEB Liability</b>	<b>City's Covered Payroll</b>	<b>City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2024	0.061334100%	\$ 447,819	\$ 1,787,917	25.05%	51.89%
2023	0.054545100%	388,345	1,528,082	25.41%	52.59%
2022	0.054111700%	593,111	1,447,266	40.98%	46.86%
2021	0.054717400%	579,740	1,314,708	44.10%	45.42%
2020	0.055198800%	545,239	1,357,672	40.16%	47.08%
2019	0.057180000%	520,712	1,299,698	40.06%	46.57%
2018	0.052938000%	2,999,364	1,570,297	191.01%	14.13%
2017	0.060031000%	2,849,537	1,455,742	195.74%	15.96%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>City's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<i>Police:</i>					
2024	\$ 5,794	\$ (5,794)	\$ -	\$ 1,158,832	0.50%
2023	5,318	(5,318)	-	1,063,521	0.50%
2022	4,599	(4,599)	-	919,895	0.50%
2021	4,558	(4,558)	-	911,500	0.50%
2020	4,189	(4,189)	-	837,874	0.50%
2019	4,566	(4,566)	-	913,195	0.50%
2018	4,456	(4,456)	-	891,268	0.50%
2017	5,885	(5,885)	-	1,177,016	0.50%
2016	5,176	(5,176)	-	1,035,121	0.50%
2015	6,012	(6,012)	-	1,170,742	0.50%
<i>Fire:</i>					
2024	\$ 4,341	\$ (4,341)	\$ -	\$ 868,140	0.50%
2023	3,622	(3,622)	-	724,396	0.50%
2022	3,041	(3,041)	-	608,187	0.50%
2021	2,679	(2,679)	-	535,766	0.50%
2020	2,384	(2,384)	-	476,834	0.50%
2019	2,222	(2,222)	-	444,477	0.50%
2018	2,042	(2,042)	-	408,430	0.50%
2017	1,966	(1,966)	-	393,281	0.50%
2016	2,106	(2,106)	-	420,621	0.50%
2015	1,696	(1,696)	-	339,243	0.50%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 - BUDGETARY PROCESS**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and any major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>	<u>Safety Service Income Tax</u>
Budget basis	\$ 6,102	\$ 932,126
Net adjustment for revenue accruals	262,354	99,558
Net adjustment for expenditure accruals	(502)	(8,076)
Funds budgeted elsewhere	<u>(157,148)</u>	<u>-</u>
GAAP Basis	<u>\$ 110,806</u>	<u>\$ 1,023,608</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the income tax fund, the insurance fund, and the unclaimed monies fund.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

**NOTE 2 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**PENSION**

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

*Change in assumptions:*

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

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

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

*Changes in assumptions:*

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.
- There were no changes in assumptions for 2024.

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

***OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)***

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

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

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

**CITY OF WILLARD  
HURON COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**NOTE 2 - PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) investment rate of return was reduced from 8.25% to 8.00%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66% and (b) the municipal bond rate was increased from 3.16% to 4.13%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed to 4.07% and (b) and the municipal bond rate was changed to 3.38%.

**CITY OF WILLARD  
HURON 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 HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through NIH/National Institute on Drug Abuse (NIDA)</i>			
Drug Use and Addiction Research Programs	93.279	1UM1DA049417	\$2,059
<b>Total U.S. Department of Health and Human Services</b>			<b>2,059</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through Huron County Public Health</i>			
Healthy Communities Grant Program	66.110	03910011OI0123	178,000
Healthy Communities Grant Program	66.110	03910014CC0524	5,000
Total AL #66.110			183,000
<b>Total U.S. Environmental Protection Agency</b>			<b>183,000</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction	20.205	114151	65,272
<b>Total U.S. Department of Transportation</b>			<b>65,272</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed through Ohio Department of Public Safety</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-AR-LEP-1008	176,308
<i>Passed through Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA LFRF NEU 2021	182,704
<i>Passed Through Ohio Department of Development</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	DEV-2021-182491	3,173,621
Total AL #21.027			3,532,633
<b>Total U.S. Department of Treasury</b>		3532633	<b>3,532,633</b>
<b>Total Expenditures of Federal Awards</b>		3782964	<b>\$3,782,964</b>

*The accompanying notes are an integral part of this schedule.*

**CITY OF WILLARD  
HURON COUNTY**

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

**NOTE A - BASIS OF PRESENTATION**

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

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

City of Willard  
Huron County  
631 South Myrtle Avenue  
P.O. Box 367  
Willard, Ohio 44890-0367

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Willard, Huron County, Ohio (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 23, 2025.

***Report on Internal Control Over Financial Reporting***

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

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

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

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

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

***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



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

September 23, 2025



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

City of Willard  
Huron County  
631 South Myrtle Avenue  
P.O. Box 367  
Willard, Ohio 44890-0367

To the City Council:

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

***Opinion on the Major Federal Program***

We have audited the City of Willard's, Huron County, Ohio (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Willard's major federal program for the year ended December 31, 2024. The City of Willard's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *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 the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The City's 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

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

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

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

### ***Report on Internal Control Over Compliance***

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KEITH FABER  
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

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

September 23, 2025

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**CITY OF WILLARD  
HURON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2024**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Program's Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program (list):</b>	Coronavirus State and Local Fiscal Recovery Funds - AL #21.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

# City of Willard



631 Myrtle Ave., P.O. Box 367, Willard, OH 44890

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(b) DECEMBER 31, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	<b>Ohio Rev. Code §§ 9.833(C)(2) and 5705.13(A)</b> for the failure to account for self insurance activity in a reserve balance account in the General Fund, an internal service fund, or a special fund	Fully corrected.	
2023-002	Material Weakness due to a material Self Insurance Service Organization having a SOC 1 report that included a qualified opinion.	Fully corrected.	

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF WILLARD**

**HURON 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 9/25/2025**

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)