

**CITY OF FOSTORIA
SENECA COUNTY, OHIO**

REGULAR AUDIT

For the Year Ended December 31, 2024



OHIO AUDITOR OF STATE KEITH FABER



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City Council
City of Fostoria
213 South Main Street
Fostoria, Ohio 44830

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

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

KEITH FABER
Ohio Auditor of State

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

October 09, 2025

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**CITY OF FOSTORIA
SENECA COUNTY
REGULAR AUDIT**
For the Year Ending December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

City of Fostoria
Seneca County
213 South Main Street
Fostoria, Ohio 44830

To the Members of the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Fostoria, Seneca 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 Fostoria, Seneca 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 Opinion

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 opinion.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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, budgetary comparison schedule, and schedules of net pension and other post-employment benefit assets/liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

June 13, 2025

CITY OF FOSTORIA, OHIO

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

The management's discussion and analysis of the City of Fostoria'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 \$2,165,226. Net position of governmental activities increased \$1,445,299 or 6.10% from 2023's restated net position and net position of business-type activities increased \$719,927 or 1.92% from 2023's restated net position.
- General revenues accounted for \$12,470,642 or 83.26% of total governmental activities revenue. Program specific revenues accounted for \$2,507,851 or 16.74% of total governmental activities revenue.
- The City had \$13,522,885 in expenses related to governmental activities; \$2,507,851 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$12,470,642 were adequate to cover the remaining expenses of the governmental activities.
- The general fund had revenues of \$12,190,160 in 2024. The expenditures and other financing uses of the general fund totaled \$10,456,073 in 2024. The net increase in fund balance for the general fund was \$1,734,087.
- Net position for the business-type activities, which are made up of the water and sewer enterprise funds, increased in 2024 by \$719,927.
- In the general fund, the actual revenues and other financing sources were \$240,221 more than in the final and original budget and actual expenditures and other financing uses were \$1,800,902 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Final budgeted expenditures and other financing uses were \$740,100 more than the original budget and other financing uses.

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 FOSTORIA, 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 and deferred outflows of resources, liabilities and deferred inflows or resources, 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 net position. 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 and rescue, 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 water and sewer 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 three categories: governmental funds, proprietary funds, and fiduciary 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.

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 fund is the general 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.

CITY OF FOSTORIA, OHIO

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

Proprietary Funds

The City maintains 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 water and sewer activities. All of the City's enterprise funds are considered major funds. 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.

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. Private-purpose trust funds are the City's only fiduciary fund type.

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 budgetary schedule, net pension asset/liability and net OPEB asset/liability.

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CITY OF FOSTORIA, 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 net position at December 31, 2024 and December 31, 2023. The net position as of December 31, 2023, was restated as described in Note 3.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>Restated 2023</u>	<u>2024</u>	<u>Restated 2023</u>	<u>2024</u>	<u>Restated 2023</u>
<u>Assets</u>						
Current and other assets	\$ 25,436,204	\$ 23,271,717	\$ 5,819,444	\$ 5,680,022	\$ 31,255,648	\$ 28,951,739
Capital assets, net	<u>15,187,095</u>	<u>15,301,195</u>	<u>53,109,742</u>	<u>53,211,581</u>	<u>68,296,837</u>	<u>68,512,776</u>
Total assets	<u>40,623,299</u>	<u>38,572,912</u>	<u>58,929,186</u>	<u>58,891,603</u>	<u>99,552,485</u>	<u>97,464,515</u>
Deferred outflows of resources	<u>4,585,482</u>	<u>4,910,480</u>	<u>907,294</u>	<u>1,367,603</u>	<u>5,492,776</u>	<u>6,278,083</u>
<u>Liabilities</u>						
Long-term liabilities outstanding	1,552,701	1,714,648	1,530,071	1,566,799	3,082,772	3,281,447
Net pension liability	12,764,594	12,228,176	2,384,444	2,735,472	15,149,038	14,963,648
Net OPEB liability	835,485	821,770	-	60,206	835,485	881,976
Other liabilities	<u>1,015,499</u>	<u>709,700</u>	<u>17,544,155</u>	<u>18,245,659</u>	<u>18,559,654</u>	<u>18,955,359</u>
Total liabilities	<u>16,168,279</u>	<u>15,474,294</u>	<u>21,458,670</u>	<u>22,608,136</u>	<u>37,626,949</u>	<u>38,082,430</u>
<u>Deferred inflows of resources</u>						
Property taxes levied for the next fiscal year	1,893,452	1,727,115	-	-	1,893,452	1,727,115
Payment in lieu of taxes levied for next fiscal year	6,552	13,712	-	-	6,552	13,712
Leases	422,035	441,219	-	-	422,035	441,219
Pension	703,432	1,083,039	49,931	68,065	753,363	1,151,104
OPEB	<u>864,884</u>	<u>1,039,165</u>	<u>48,171</u>	<u>23,224</u>	<u>913,055</u>	<u>1,062,389</u>
Total deferred inflows	<u>3,890,355</u>	<u>4,304,250</u>	<u>98,102</u>	<u>91,289</u>	<u>3,988,457</u>	<u>4,395,539</u>
<u>Net Position</u>						
Net investment in capital assets	14,893,878	14,935,316	34,883,112	34,095,546	49,776,990	49,030,862
Restricted	5,508,877	5,534,723	108,292	18,598	5,617,169	5,553,321
Unrestricted	<u>4,747,392</u>	<u>3,234,809</u>	<u>3,288,304</u>	<u>3,445,637</u>	<u>8,035,696</u>	<u>6,680,446</u>
Total net position	<u>\$ 25,150,147</u>	<u>\$ 23,704,848</u>	<u>\$ 38,279,708</u>	<u>\$ 37,559,781</u>	<u>\$ 63,429,855</u>	<u>\$ 61,264,629</u>

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.

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. 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.

CITY OF FOSTORIA, OHIO

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

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, 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 \$63,429,855. At year-end, net position was \$25,150,147 and \$38,279,708 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 68.60% of total assets. Capital assets include land, construction in progress, land improvements, buildings, machinery and equipment, vehicles, and infrastructure. Net investment in capital assets at December 31, 2024, were \$14,893,878 and \$34,883,112 in the governmental 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, \$5,617,169 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance is an unrestricted net position balance of \$4,747,392.

CITY OF FOSTORIA, OHIO

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

The table below 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.

	Change in Net Position					
	Governmental		Business-type		Total	
	Activities		Activities		Total	
	Restated	Restated	Restated	Restated	Restated	Restated
2024	2023	2024	2023	2024	2023	
Revenues:						
Program revenues:						
Charges for services	\$ 750,483	\$ 675,231	\$ 8,839,745	\$ 8,218,321	\$ 9,590,228	\$ 8,893,552
Operating grants and contributions	1,645,596	3,343,530	-	-	1,645,596	3,343,530
Capital grants and contributions	111,772	-	152,739	597,837	264,511	597,837
Total program revenues	<u>2,507,851</u>	<u>4,018,761</u>	<u>8,992,484</u>	<u>8,816,158</u>	<u>11,500,335</u>	<u>12,834,919</u>
General revenues:						
Property taxes	2,012,060	1,862,010	-	-	2,012,060	1,862,010
Income taxes	8,429,883	8,546,778	-	-	8,429,883	8,546,778
Unrestricted grants and entitlements	455,154	479,837	-	-	455,154	479,837
Investment earnings	907,671	815,833	-	-	907,671	815,833
Refunds and reimbursements	63,170	52,561	-	-	63,170	52,561
Miscellaneous	602,704	673,114	144,115	165,546	746,819	838,660
Total general revenues	<u>12,470,642</u>	<u>12,430,133</u>	<u>144,115</u>	<u>165,546</u>	<u>12,614,757</u>	<u>12,595,679</u>
Total revenues	<u>14,978,493</u>	<u>16,448,894</u>	<u>9,136,599</u>	<u>8,981,704</u>	<u>24,115,092</u>	<u>25,430,598</u>
Expenses:						
General government	2,446,502	1,940,222	-	-	2,446,502	1,940,222
Security of persons and property	8,382,742	7,655,805	-	-	8,382,742	7,655,805
Public health and welfare	302,365	420,311	-	-	302,365	420,311
Transportation	1,778,663	1,486,086	-	-	1,778,663	1,486,086
Community environment	390,195	690,411	-	-	390,195	690,411
Leisure time activity	212,408	115,389	-	-	212,408	115,389
Interest	10,010	12,525	-	-	10,010	12,525
Water	-	-	4,495,872	3,397,148	4,495,872	3,397,148
Sewer	-	-	3,931,109	4,032,501	3,931,109	4,032,501
Total expenses	<u>13,522,885</u>	<u>12,320,749</u>	<u>8,426,981</u>	<u>7,429,649</u>	<u>21,949,866</u>	<u>19,750,398</u>
Increase in net position before transfers	1,455,608	4,128,145	709,618	1,552,055	2,165,226	5,680,200
Transfers	<u>(10,309)</u>	<u>(1,137,225)</u>	<u>10,309</u>	<u>1,137,225</u>	<u>-</u>	<u>-</u>
Change in net position	1,445,299	2,990,920	719,927	2,689,280	2,165,226	5,680,200
Net position at beginning of year (restated)	<u>23,704,848</u>	N/A	<u>37,559,781</u>	N/A	<u>61,264,629</u>	N/A
Net position at end of year	<u>\$ 25,150,147</u>	<u>\$ 23,704,848</u>	<u>\$ 38,279,708</u>	<u>\$ 37,559,781</u>	<u>\$ 63,429,855</u>	<u>\$ 61,264,629</u>

CITY OF FOSTORIA, OHIO

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

Governmental Activities

Governmental activities net position increased \$1,445,299 in 2024.

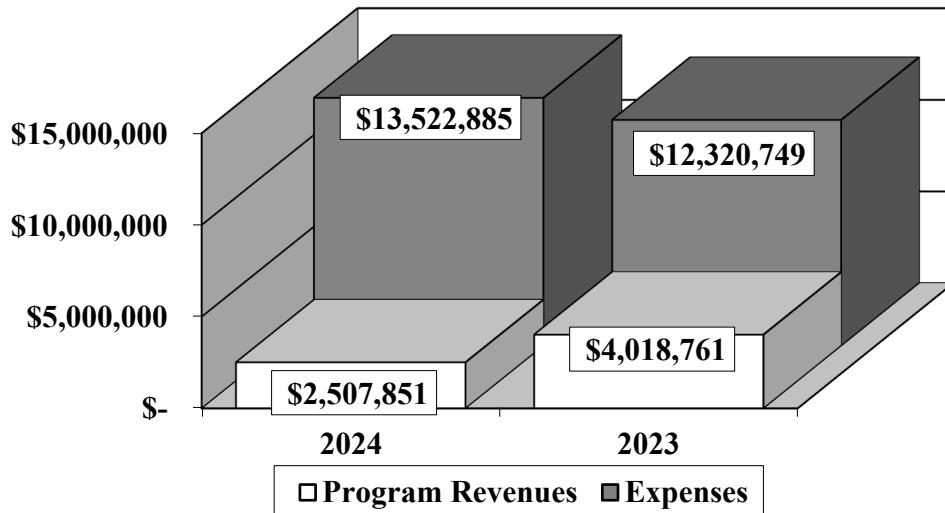
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$8,382,742 of the total expenses of the City. These expenses were partially funded by \$424,717 in direct charges to users of the services and \$130,145 in operating grants and contributions. General government expenses totaled \$2,446,502 and was funded by \$102,922 in charges for services and \$593,759 in operating grants and contributions. Transportation expenses totaled \$1,778,663. Transportation expenses were partially funded by \$3,733 in direct charges to users of the services and \$809,393 in operating grants and contributions.

The state and federal government contributed to the City a total of \$1,645,596 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$130,145 subsidized security of persons and property programs, \$100,774 subsidized community environment, \$11,525 subsidized leisure time, activity, \$809,393 subsidized transportation programs and \$593,759 subsidized general government programs.

General revenues totaled \$12,470,642 and amounted to 83.26% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$10,441,943. The other primary sources of general revenues is grants and entitlements not restricted to specific programs, including local government revenue, making up \$455,154 and miscellaneous revenues of \$602,704.

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 property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities – Program Revenues vs. Total Expenses



CITY OF FOSTORIA, OHIO

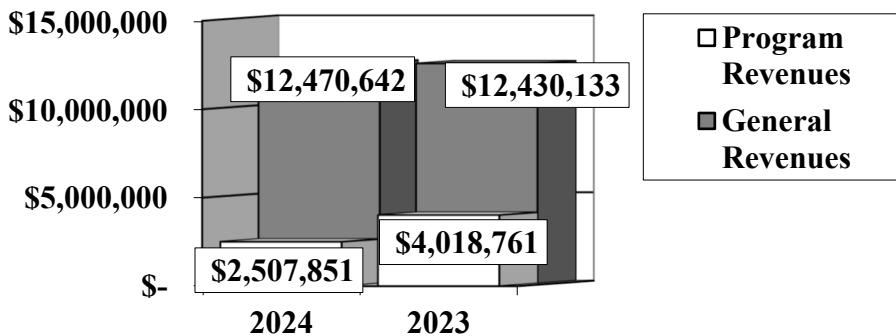
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

Governmental Activities

	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>
Program Expenses:				
General government	\$ 2,446,502	\$ 1,749,821	\$ 1,940,222	\$ 408,928
Security of persons and property	8,382,742	7,827,880	7,655,805	6,924,299
Public health and welfare	302,365	109,826	420,311	319,037
Transportation	1,778,663	965,537	1,486,086	462,872
Community environment	390,195	266,374	690,411	311,274
Leisure time activity	212,408	85,586	115,389	(136,947)
Interest	<u>10,010</u>	<u>10,010</u>	<u>12,525</u>	<u>12,525</u>
Total	<u>\$ 13,522,885</u>	<u>\$ 11,015,034</u>	<u>\$ 12,320,749</u>	<u>\$ 8,301,988</u>

The dependence upon general revenues for governmental activities is apparent, with 81.45% of expenses supported through taxes and other general revenues.

Governmental Activities – General and Program Revenues



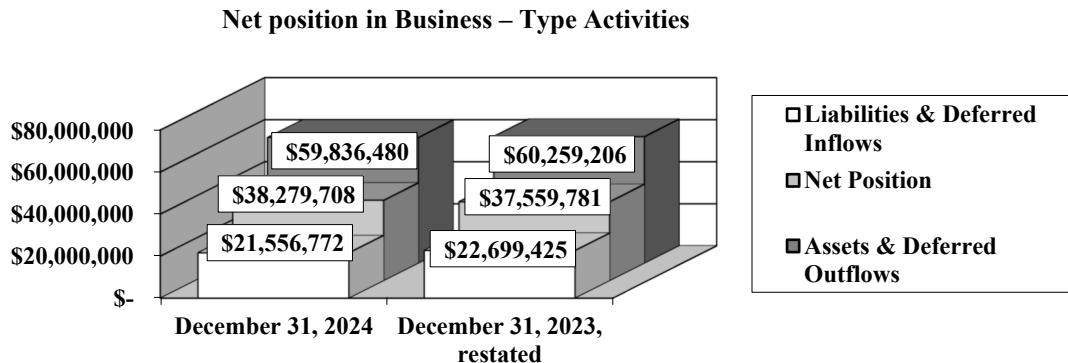
Business-type Activities

Business-type activities include the water and sewer enterprise funds. These programs had program revenues of \$8,992,484, general revenues of \$144,115, expenses of \$8,426,981 and net transfers in of \$10,309 for 2024.

CITY OF FOSTORIA, OHIO

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

The graph below shows the business-type activities assets, liabilities and net position at year-end. The net position as of December 31, 2023, was restated as described in Note 3.



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, unreserved 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 \$19,370,057 which is \$2,001,259 greater than last year's total of \$17,368,798. The schedule below 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
Major funds:			
General	\$ 13,375,354	\$ 11,641,267	\$ 1,734,087
Other nonmajor governmental funds	<u>5,994,703</u>	<u>5,727,531</u>	<u>267,172</u>
Total	<u>\$ 19,370,057</u>	<u>\$ 17,368,798</u>	<u>\$ 2,001,259</u>

CITY OF FOSTORIA, OHIO

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

General Fund

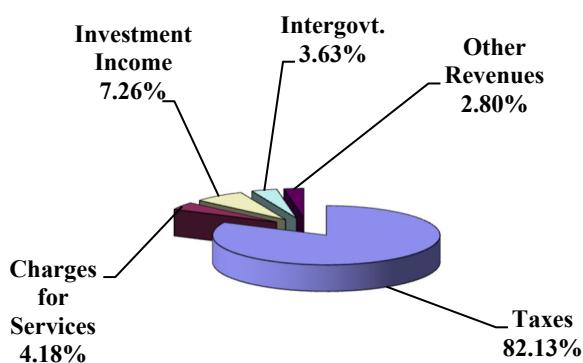
The City's general fund balance increased \$1,734,087.

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

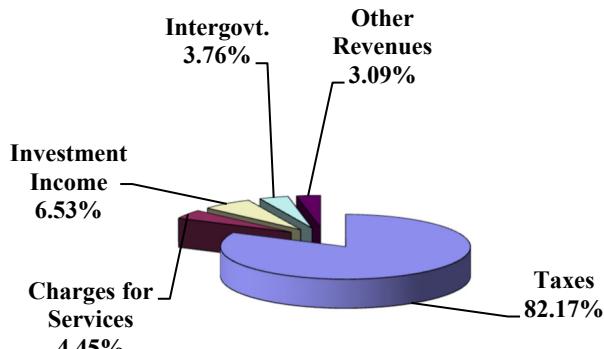
	2024	2023	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 10,012,230	\$ 9,923,431	0.89 %
Charges for services	509,068	537,103	(5.22) %
Licenses and permits	23,547	21,151	11.33 %
Fines and forfeitures	3,033	2,741	10.65 %
Intergovernmental	441,899	454,299	(2.73) %
Investment income	885,136	788,153	12.31 %
Rental income	65,924	68,012	(3.07) %
Contributions and donations	3,000	15,025	(80.03) %
Other	<u>246,323</u>	<u>265,749</u>	(7.31) %
Total	<u><u>\$ 12,190,160</u></u>	<u><u>\$ 12,075,664</u></u>	0.95 %

Tax revenue represents 82.13% of all general fund revenue. During 2024, taxes increased \$88,799 primarily due to an increase of property taxes of \$97,959. All other revenues remained consistent with the prior year.

Revenues – 2024



Revenues – 2023



CITY OF FOSTORIA, OHIO

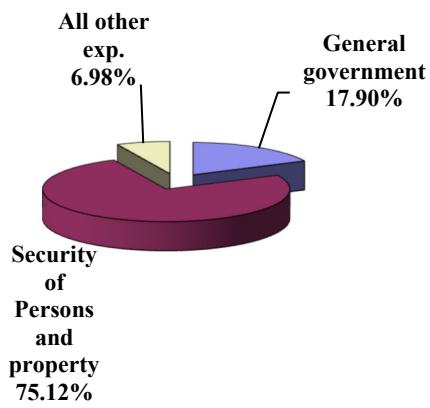
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024 (UNAUDITED)

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

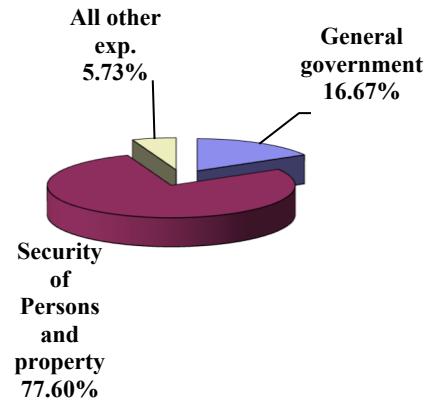
	2024	2023	Percentage <u>Change</u>
	<u>Amount</u>	<u>Amount</u>	
Expenditures			
General government	\$ 1,655,877	\$ 1,333,568	24.17 %
Security of persons and property	6,947,317	6,209,455	11.88 %
Public health and welfare	342,173	257,570	32.85 %
Transportation	197,762	108,192	82.79 %
Community environment	<u>105,425</u>	<u>92,393</u>	14.10 %
 Total	 <u>\$ 9,248,554</u>	 <u>\$ 8,001,178</u>	 15.59 %

Overall expenditures of the general fund increased \$1,247,376 or 15.59%. Security of persons and property increased \$737,862 due to greater expenditures for the police and fire department. Transportation expenditures increased by \$89,570 or 82.79% due to an increase in street and highway projects occurring during 2024. All other expenditures remained consistent with prior year.

Expenditures - 2024



Expenditures - 2023



Budgeting Highlights - General Fund

In the general fund, the actual revenues and other financing sources were \$240,221 more than in the final and original budget and actual expenditures and other financing uses were \$1,800,902 less than the amount in the final budget. These variances are the result of the City's conservative budgeting. Final budgeted expenditures and other financing uses were \$740,100 more than the original budget and other financing uses.

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. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

CITY OF FOSTORIA, OHIO

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the City had \$68,296,837 (net of accumulated depreciation) invested in land, land improvements, buildings, machinery and equipment, vehicles and infrastructure. Of this total, \$15,187,095 was reported in governmental activities and \$53,109,742 was reported in business-type activities.

The following table shows December 31, 2024 balances compared to December 31, 2023.

Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 1,932,021	\$ 1,932,021	\$ 8,429,538	\$ 8,429,538	\$ 10,361,559	\$ 10,361,559
Construction in progress	104,983	-	-	-	104,983	-
Land improvements	260,301	221,647	-	-	260,301	221,647
Buildings	1,183,224	1,275,897	6,856,302	6,820,550	8,039,526	8,096,447
Machinery and equipment	1,066,824	962,064	3,423,539	2,980,820	4,490,363	3,942,884
Vehicles	869,644	1,060,453	621,789	584,612	1,491,433	1,645,065
Infrastructure	<u>9,770,098</u>	<u>9,849,113</u>	<u>33,778,574</u>	<u>34,396,061</u>	<u>43,548,672</u>	<u>44,245,174</u>
Totals	<u><u>\$ 15,187,095</u></u>	<u><u>\$ 15,301,195</u></u>	<u><u>\$ 53,109,742</u></u>	<u><u>\$ 53,211,581</u></u>	<u><u>\$ 68,296,837</u></u>	<u><u>\$ 68,512,776</u></u>

The City's largest governmental capital asset category is infrastructure which includes roads, bridges, culverts, sidewalks and curbs. 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 64.33% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure that primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 63.60% of the City's total business-type capital assets. See Note 11 to the financial statements for more detail.

Debt Administration

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

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Equipment loan	\$ 252,337	\$ 329,450
OPWC loans	29,805	36,429
Total long-term obligations	<u>\$ 282,142</u>	<u>\$ 365,879</u>
Business-Type Activities		
<u>2024</u>		
OWDA loans	\$ 17,579,899	\$ 18,417,305
OPWC loans	646,731	698,730
Total long-term obligations	<u>\$ 18,226,630</u>	<u>\$ 19,116,035</u>

See Note 13 to the financial statements for more detail on the City's long-term obligations.

CITY OF FOSTORIA, OHIO

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

Economic Factors and Next Year's Budgets and Rates

The City's current population estimate as of 2024 is 13,047 as of 2020 census data.

On the economic front, Fostoria has had some positive trends that are developing. There is new industry opening, as well as retention and expansion of current industry. Renovation and location upgrades of current companies is allowing for more visibility for these businesses and creates a fresh look for the City. Several new small businesses have started up and are thriving. With new business development, and proactive planning, the tax revenue has continued to increase during 2024.

The Auditor of State declared that a fiscal emergency exists for the City as of May 26, 2016. Fostoria continues to work with the Auditor of State on a recovery plan for Fostoria, and the City is making necessary changes that are suggested and advised by the Auditor of State.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City of Fostoria, 213 S. Main Street, Fostoria, Ohio 44830.

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CITY OF FOSTORIA, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 18,008,855	\$ 3,781,375	\$ 21,790,230
Cash and cash equivalents with fiscal agent.	233,715	-	233,715
Receivables:			
Income taxes	2,508,524	-	2,508,524
Real and other taxes	2,111,144	-	2,111,144
Accounts.	96,887	1,482,052	1,578,939
Accrued interest	96,829	-	96,829
Payment in lieu of taxes.	6,552	-	6,552
Due from other governments.	574,854	-	574,854
Loans	1,092,050	-	1,092,050
Lease	452,322	-	452,322
Materials and supplies inventory.	63,895	390,098	453,993
Prepayments	128,674	41,909	170,583
Net pension asset.	17,432	24,320	41,752
Net OPEB asset.	60,189	83,972	144,161
Internal balance	(15,718)	15,718	-
Capital assets:			
Nondepreciable capital assets	2,037,004	8,429,538	10,466,542
Depreciable capital assets, net	13,150,091	44,680,204	57,830,295
Total capital assets, net	<u>15,187,095</u>	<u>53,109,742</u>	<u>68,296,837</u>
Total assets.	<u>40,623,299</u>	<u>58,929,186</u>	<u>99,552,485</u>
Deferred outflows of resources:			
Pension	4,026,954	828,411	4,855,365
OPEB	558,528	78,883	637,411
Total deferred outflows of resources	<u>4,585,482</u>	<u>907,294</u>	<u>5,492,776</u>
Liabilities:			
Accounts payable.	228,191	234,764	462,955
Contracts payable.	11,075	-	11,075
Accrued wages and benefits	158,483	57,757	216,240
Due to other governments	20,596	24,763	45,359
Claims payable	167,024	-	167,024
Unearned revenue	261,184	-	261,184
Pension and postemployment benefits payable.	105,042	29,778	134,820
Accrued interest payable.	359	42,129	42,488
Payroll withholding payable	34,608	-	34,608
Long-term liabilities:			
Due within one year	566,139	1,140,880	1,707,019
Due in more than one year:			
Net pension liability.	12,764,594	2,384,444	15,149,038
Net OPEB liability.	835,485	-	835,485
Other amounts due in more than one year.	<u>1,015,499</u>	<u>17,544,155</u>	<u>18,559,654</u>
Total liabilities	<u>16,168,279</u>	<u>21,458,670</u>	<u>37,626,949</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,893,452	-	1,893,452
Pension	703,432	49,931	753,363
OPEB	864,884	48,171	913,055
Payment in lieu of taxes levied for the next fiscal year.	6,552	-	6,552
Lease.	<u>422,035</u>	-	<u>422,035</u>
Total deferred inflows of resources	<u>3,890,355</u>	<u>98,102</u>	<u>3,988,457</u>
Net position:			
Net investment in capital assets	14,893,878	34,883,112	49,776,990
Restricted for:			
Capital projects	50	-	50
Security of persons and property.	218,593	-	218,593
Transportation projects	1,000,939	-	1,000,939
Revolving loans	3,130,360	-	3,130,360
Public health and welfare	227,460	-	227,460
Community environment	519,146	-	519,146
Coronavirus relief.	6,274	-	6,274
Perpetual care:			
Nonexpendable.	22,374	-	22,374
Other purposes.	383,681	108,292	491,973
Unrestricted	<u>4,747,392</u>	<u>3,288,304</u>	<u>8,035,696</u>
Total net position	<u>\$ 25,150,147</u>	<u>\$ 38,279,708</u>	<u>\$ 63,429,855</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,446,502	\$ 102,922	\$ 593,759	\$ -
Security of persons and property.	8,382,742	424,717	130,145	-
Public health and welfare	302,365	192,539	-	-
Transportation	1,778,663	3,733	809,393	-
Community environment.	390,195	23,047	100,774	-
Leisure time activity	212,408	3,525	11,525	111,772
Interest	10,010	-	-	-
Total governmental activities	<u>13,522,885</u>	<u>750,483</u>	<u>1,645,596</u>	<u>111,772</u>
Business-type activities:				
Water.	4,495,872	4,534,477	-	-
Sewer.	<u>3,931,109</u>	<u>4,305,268</u>	<u>-</u>	<u>152,739</u>
Total business-type activities.	<u>8,426,981</u>	<u>8,839,745</u>	<u>-</u>	<u>152,739</u>
Total.	<u>\$ 21,949,866</u>	<u>\$ 9,590,228</u>	<u>\$ 1,645,596</u>	<u>\$ 264,511</u>
General revenues:				
Property taxes levied for:				
General purposes				
Police and fire pension				
Income taxes levied for:				
General purposes				
Grants and entitlements not restricted to specific programs.				
Investment earnings.				
Refunds and reimbursements				
Miscellaneous				
Total general revenues				
Transfers				
Change in net position				
Net position at beginning of year, 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
\$ (1,749,821)	\$ -	\$ (1,749,821)
(7,827,880)	-	(7,827,880)
(109,826)	-	(109,826)
(965,537)	-	(965,537)
(266,374)	-	(266,374)
(85,586)	-	(85,586)
(10,010)	-	(10,010)
<u>(11,015,034)</u>	<u>-</u>	<u>(11,015,034)</u>
 - 38,605	 526,898	 38,605 526,898
<u>-</u>	<u>565,503</u>	<u>565,503</u>
<u>(11,015,034)</u>	<u>565,503</u>	<u>(10,449,531)</u>
 1,758,139	 - 1,758,139	 253,921
253,921	-	253,921
 8,429,883	 - 8,429,883	 455,154
455,154	-	455,154
907,671	-	907,671
63,170	-	63,170
602,704	144,115	746,819
<u>12,470,642</u>	<u>144,115</u>	<u>12,614,757</u>
 (10,309)	 10,309	 -
1,445,299	719,927	2,165,226
24,275,682	37,739,838	62,015,520
<u>(570,834)</u>	<u>(180,057)</u>	<u>(750,891)</u>
23,704,848	37,559,781	61,264,629
<u>\$ 25,150,147</u>	<u>\$ 38,279,708</u>	<u>\$ 63,429,855</u>

CITY OF FOSTORIA, OHIO

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 12,886,174	\$ 5,122,681	\$ 18,008,855
Cash and cash equivalents with fiscal agent	-	8,598	8,598
Receivables:			
Income taxes	2,508,524	-	2,508,524
Real and other taxes.	1,976,473	134,671	2,111,144
Accounts.	1,507	95,380	96,887
Due from other governments	163,987	410,867	574,854
Accrued interest.	96,829	-	96,829
Loans	-	1,092,050	1,092,050
Lease	452,322	-	452,322
Payment in lieu of taxes	-	6,552	6,552
Interfund loans receivable	50	-	50
Advances to other funds	17,450	-	17,450
Materials and supplies inventory	-	63,895	63,895
Prepayments	113,967	14,707	128,674
Total assets	\$ 18,217,283	\$ 6,949,401	\$ 25,166,684
Liabilities:			
Accounts payable.	\$ 137,645	\$ 90,546	\$ 228,191
Contracts payable.	11,075	-	11,075
Accrued wages and benefits	147,880	10,603	158,483
Interfund loans payable	-	50	50
Advances from other funds.	-	17,450	17,450
Due to other governments	19,093	1,503	20,596
Pension and postemployment benefits payable	40,242	64,800	105,042
Payroll withholding payable	34,608	-	34,608
Unearned revenue	-	261,184	261,184
Total liabilities	390,543	446,136	836,679
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	1,772,568	120,884	1,893,452
Delinquent property tax revenue not available	202,168	13,787	215,955
Accrued interest not available.	46,855	-	46,855
Income tax revenue not available.	1,899,682	-	1,899,682
Nonexchange transactions revenue not available.	108,078	271,959	380,037
Payment in lieu of taxes levied for the next fiscal year.	-	6,552	6,552
Settlements	-	95,380	95,380
Lease	422,035	-	422,035
Total deferred inflows of resources	4,451,386	508,562	4,959,948
Fund balances:			
Nonspendable	131,417	100,976	232,393
Restricted	-	5,371,677	5,371,677
Committed.	11,000	656,802	667,802
Assigned.	1,634,905	-	1,634,905
Unassigned (deficit)	11,598,032	(134,752)	11,463,280
Total fund balances	13,375,354	5,994,703	19,370,057
Total liabilities, deferred inflows of resources and fund balances	\$ 18,217,283	\$ 6,949,401	\$ 25,166,684

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

Total governmental fund balances	\$ 19,370,057
<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.	15,187,095
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Income taxes	\$ 1,899,682
Property taxes	215,955
Accrued interest	46,855
Settlements	95,380
Due from other governments	<u>380,037</u>
Total	2,637,909
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.	42,375
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	17,432
Deferred outflows of resources	4,026,954
Deferred inflows of resources	(703,432)
Net pension liability	<u>(12,764,594)</u>
Total	(9,423,640)
The 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 asset, liability and related deferred inflows/ outflows are not reported in governmental funds.	
Net OPEB asset	60,189
Deferred outflows of resources	558,528
Deferred inflows of resources	(864,884)
Net OPEB liability	<u>(835,485)</u>
Total	(1,081,652)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the governmental funds.	(359)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
OPWC loan payable	(29,805)
Loans payable	(252,337)
Compensated absences payable	<u>(1,299,496)</u>
Total	<u>(1,581,638)</u>
Net position of governmental activities	<u>\$ 25,150,147</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Municipal income taxes	\$ 8,290,158	\$ -	\$ 8,290,158
Property and other taxes.	1,722,072	250,366	1,972,438
Charges for services.	509,068	8,338	517,406
Licenses and permits	23,547	10	23,557
Fines and forfeitures	3,033	41,658	44,691
Intergovernmental.	441,899	1,594,879	2,036,778
Investment income.	863,010	189,382	1,052,392
Rental income	65,924	3,525	69,449
Refunds and reimbursements	-	52,572	52,572
Contributions and donations.	3,000	553,651	556,651
Change in fair market value of investments . . .	22,126	-	22,126
Other	246,323	366,979	613,302
Total revenues	<u>12,190,160</u>	<u>3,061,360</u>	<u>15,251,520</u>
Expenditures:			
Current:			
General government	1,655,877	749,449	2,405,326
Security of persons and property	6,947,317	977,787	7,925,104
Public health and welfare.	342,173	4,825	346,998
Transportation	197,762	1,035,373	1,233,135
Community environment	105,425	269,012	374,437
Leisure time activity	-	175,562	175,562
Capital outlay	-	685,524	685,524
Debt service:			
Principal retirement.	-	83,737	83,737
Interest	-	10,129	10,129
Total expenditures	<u>9,248,554</u>	<u>3,991,398</u>	<u>13,239,952</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>2,941,606</u>	<u>(930,038)</u>	<u>2,011,568</u>
Other financing sources (uses):			
Transfers in	-	1,207,519	1,207,519
Transfers (out).	<u>(1,207,519)</u>	<u>(10,309)</u>	<u>(1,217,828)</u>
Total other financing sources (uses)	<u>(1,207,519)</u>	<u>1,197,210</u>	<u>(10,309)</u>
Net change in fund balances	1,734,087	267,172	2,001,259
Fund balances at beginning of year	11,641,267	5,727,531	17,368,798
Fund balances at end of year	<u>\$ 13,375,354</u>	<u>\$ 5,994,703</u>	<u>\$ 19,370,057</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

Net change in fund balances - total governmental funds	\$ 2,001,259
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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 outlay	\$ 1,002,279
Depreciation expense	<u>(1,069,624)</u>
Total	(67,345)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
(46,755)	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Municipal income taxes	139,725
Property and other taxes	39,200
Accrued interest	19,175
Settlements	95,380
Intergovernmental	<u>(569,676)</u>
Total	(276,196)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	
938,949	
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/asset are reported as pension expense in the statement of activities.	
(1,224,993)	
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	
20,294	
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability/asset are reported as OPEB expense in the statement of activities.	
9,960	
Repayment of bond, lease and loan principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
OPWC loans	6,624
Equipment loans	<u>77,113</u>
Total	83,737
In the statement of activities, interest is accrued on outstanding bonds and leases, whereas in governmental funds, an interest expenditure is reported when due.	
119	
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.	
(36,105)	
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.	
42,375	
Change in net position of governmental activities	<u><u>\$ 1,445,299</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Assets:				
Current assets:				
Equity in pooled cash and cash equivalents.	\$ 1,212,658	\$ 2,568,717	\$ 3,781,375	\$ -
Cash with fiscal agent.	-	-	-	225,117
Receivables (net of allowance for uncollectibles):				
Accounts	855,415	626,637	1,482,052	-
Materials and supplies inventory	346,457	43,641	390,098	-
Prepayments	26,182	15,727	41,909	-
Total current assets.	<u>2,440,712</u>	<u>3,254,722</u>	<u>5,695,434</u>	<u>225,117</u>
Noncurrent assets:				
Net pension asset	14,188	10,132	24,320	-
Net OPEB asset	48,988	34,984	83,972	-
Capital assets:				
Nondepreciable capital assets	8,121,300	308,238	8,429,538	-
Depreciable capital assets, net	12,337,694	32,342,510	44,680,204	-
Total capital assets, net.	<u>20,458,994</u>	<u>32,650,748</u>	<u>53,109,742</u>	<u>-</u>
Total noncurrent assets.	<u>20,522,170</u>	<u>32,695,864</u>	<u>53,218,034</u>	<u>-</u>
Total assets.	<u>22,962,882</u>	<u>35,950,586</u>	<u>58,913,468</u>	<u>225,117</u>
Deferred outflows of resources:				
Pension	490,856	337,555	828,411	-
OPEB	44,400	34,483	78,883	-
Total deferred outflows of resources.	<u>535,256</u>	<u>372,038</u>	<u>907,294</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable.	109,776	124,988	234,764	-
Accrued wages and benefits	33,511	24,246	57,757	-
Due to other governments	4,622	20,141	24,763	-
Pension and postemployment benefits payable	17,593	12,185	29,778	-
Accrued interest payable	-	42,129	42,129	-
Current portion of compensated absences	104,699	106,512	211,211	-
Current portion of OWDA loans	49,643	822,078	871,721	-
Current portion of OPWC loans	26,854	31,094	57,948	-
Claims payable	-	-	-	167,024
Total current liabilities.	<u>346,698</u>	<u>1,183,373</u>	<u>1,530,071</u>	<u>167,024</u>
Long-term liabilities:				
OWDA loans	273,035	16,435,143	16,708,178	-
OPWC loans.	178,676	410,107	588,783	-
Compensated absences.	137,090	110,104	247,194	-
Net pension liability.	1,391,056	993,388	2,384,444	-
Total long-term liabilities.	<u>1,979,857</u>	<u>17,948,742</u>	<u>19,928,599</u>	<u>-</u>
Total liabilities	<u>2,326,555</u>	<u>19,132,115</u>	<u>21,458,670</u>	<u>167,024</u>
Deferred inflows of resources:				
Pension	1,308	48,623	49,931	-
OPEB	28,153	20,018	48,171	-
Total deferred inflows of resources.	<u>29,461</u>	<u>68,641</u>	<u>98,102</u>	<u>-</u>
Net position:				
Net investment in capital assets.	19,930,786	14,952,326	34,883,112	-
Restricted for other purposes	63,176	45,116	108,292	-
Unrestricted.	1,148,160	2,124,426	3,272,586	58,093
Total net position.	<u>\$ 21,142,122</u>	<u>\$ 17,121,868</u>	<u>\$ 38,263,990</u>	<u>\$ 58,093</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.			15,718	
Net position of business-type activities			<u>\$ 38,279,708</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Sewer	Total	
Operating revenues:				
Charges for services	\$ 4,534,477	\$ 4,305,268	\$ 8,839,745	\$ 1,807,085
Other.	59,835	65,141	124,976	36,457
Total operating revenues.	<u>4,594,312</u>	<u>4,370,409</u>	<u>8,964,721</u>	<u>1,843,542</u>
Operating expenses:				
Personal services	1,732,644	1,188,803	2,921,447	-
Contract services.	470,526	538,110	1,008,636	458,106
Materials and supplies.	1,650,415	715,571	2,365,986	-
Utilities	20,358	383,630	403,988	-
Claims expense	-	-	-	1,330,512
Depreciation.	631,562	1,022,532	1,654,094	-
Other	-	2,253	2,253	-
Total operating expenses	<u>4,505,505</u>	<u>3,850,899</u>	<u>8,356,404</u>	<u>1,788,618</u>
Operating income	88,807	519,510	608,317	54,924
Nonoperating revenues (expenses):				
Interest expense	-	(86,295)	(86,295)	3,169
Gain on disposal of capital assets	<u>11,667</u>	<u>7,472</u>	<u>19,139</u>	-
Total nonoperating revenues (expenses).	<u>11,667</u>	<u>(78,823)</u>	<u>(67,156)</u>	<u>3,169</u>
Income before transfers and capital contributions. . .	<u>100,474</u>	<u>440,687</u>	<u>541,161</u>	<u>58,093</u>
Transfers in	1,486	8,823	10,309	-
Capital contributions.	-	152,739	152,739	-
Change in net position	101,960	602,249	704,209	58,093
Net position at beginning of year, as previously reported .	21,159,947	16,579,891	37,739,838	-
Restatement - change in accounting principle.	(119,785)	(60,272)	(180,057)	-
Net position at beginning of year, restated.	21,040,162	16,519,619	37,559,781	-
Net position at end of year	<u>\$ 21,142,122</u>	<u>\$ 17,121,868</u>	<u>38,263,990</u>	<u>\$ 58,093</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.			15,718	
Change in net position of business-type activities			<u>\$ 719,927</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
Cash flows from operating activities:				
Cash received from customers	\$ 4,319,269	\$ 4,228,344	\$ 8,547,613	\$ 1,807,085
Cash received from other operations	62,600	66,236	128,836	36,457
Cash payments for personal services	(1,702,614)	(1,163,539)	(2,866,153)	-
Cash payments for contractual services	(497,046)	(558,906)	(1,055,952)	(458,106)
Cash payments for materials and supplies	(1,489,707)	(656,190)	(2,145,897)	-
Cash payments for utilities	(14,772)	(379,110)	(393,882)	-
Cash payments for claims	-	-	-	(1,163,488)
Cash payments for other expenses	-	(2,253)	(2,253)	-
Net cash provided by operating activities.	677,730	1,534,582	2,212,312	221,948
Cash flows from noncapital financing activities:				
Cash received from transfers in	1,486	8,823	10,309	-
Net cash provided by noncapital financing activities.	1,486	8,823	10,309	-
Cash flows from capital and related financing activities:				
Gain on sale of capital assets	11,667	11,667	23,334	-
Acquisition of capital assets	(558,161)	(998,289)	(1,556,450)	-
Principal retirement on loans	(76,497)	(812,908)	(889,405)	-
Interest paid on loans	-	(90,342)	(90,342)	-
Intergovernmental.	-	152,739	152,739	-
Net cash used in capital and related financing activities.	(622,991)	(1,737,133)	(2,360,124)	-
Cash flows from investing activities:				
Interest received	-	-	-	3,169
Net cash provided by investing activities	-	-	-	3,169
Net increase (decrease) in cash and cash equivalents	56,225	(193,728)	(137,503)	225,117
Cash and cash equivalents at beginning of year.	1,156,433	2,762,445	3,918,878	-
Cash and cash equivalents at end of year	\$ 1,212,658	\$ 2,568,717	\$ 3,781,375	\$ 225,117

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CITY OF FOSTORIA, OHIO

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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 88,807	\$ 519,510	\$ 608,317	\$ 54,924
Adjustments:				
Depreciation.	631,562	1,022,532	1,654,094	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Change in materials and supplies inventory.	108,518	2,018	110,536	-
Change in accounts receivable	(215,208)	(76,924)	(292,132)	-
Change in due from other governments.	2,765	1,095	3,860	-
Change in prepayments	2,049	4,174	6,223	-
Change in net pension asset	(3,865)	(1,857)	(5,722)	-
Change in net OPEB asset	(48,988)	(34,984)	(83,972)	-
Change in deferred outflows - pension	164,077	190,230	354,307	-
Change in deferred outflows - OPEB	58,326	47,676	106,002	-
Change in accounts payable	31,740	34,188	65,928	-
Change in accrued wages and benefits	7,917	5,596	13,513	-
Change in pension and post employment benefits payable	4,069	1,110	5,179	-
Change in net pension liability	(127,309)	(223,719)	(351,028)	-
Change in net OPEB liability	(33,418)	(26,788)	(60,206)	-
Change in deferred inflows - pension	(25,160)	7,026	(18,134)	-
Change in deferred inflows - OPEB	14,163	10,784	24,947	-
Change in due to other governments	4,251	10,095	14,346	-
Change in claims payable.	-	-	-	167,024
Change in compensated absences payable.	13,434	42,820	56,254	-
Net cash provided by operating activities	<u>\$ 677,730</u>	<u>\$ 1,534,582</u>	<u>\$ 2,212,312</u>	<u>\$ 221,948</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	Private-Purpose Trust
Assets:	
Equity in pooled cash and cash equivalents	\$ 10,530
Total assets.	<u>10,530</u>
Net position:	
Held in trust for other purposes	<u>10,530</u>
Total net position.	<u><u>10,530</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FOSTORIA, OHIO

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

	Private-Purpose Trust
Additions:	
Interest.	\$ 91
Total additions	<u>91</u>
Change in net position	91
Net position at beginning of year.	<u>10,439</u>
Net position at end of year	<u>\$ 10,530</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF FOSTORIA, OHIO

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

NOTE 1 - DESCRIPTION OF THE CITY

The City of Fostoria, Ohio (the “City”), located in Seneca County, is a politic and corporate body established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and its charter. The City operates under a Council/Mayor form of government and provides the following services to its residents: public safety, public services, recreation and development.

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

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39 “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61 “The Financial Reporting Entity: Omnibus”. The City includes in its reporting entity all funds, account groups, agencies and departments over which the City’s executive or legislative branches (the Mayor or Council, respectively) exercise primary oversight responsibility. Based on application of the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39 and GASB Statement No. 61, the City evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the City, and whether exclusion would cause the financial statements to be misleading or incomplete. Among the factors considered were whether the City holds the PCU’s corporate power, appoints a voting majority of the PCU’s board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the City and the PCU. To provide necessary services to its citizens, the City of Fostoria is divided into various departments including police, fire fighting and prevention, emergency medical services, street maintenance, parks and recreation, public service and planning, and zoning. The operation of each of these departments is directly controlled by the City through the budgetary process and therefore is included as a part of the reporting entity.

Based on the foregoing criteria, the City has no component units. The following organization is described due to their relationship to the City:

JOINTLY GOVERNED ORGANIZATION

Fostoria Economic Development Corporation (FEDC) - The City is a participant in FEDC, which is an association of businesses and government within the City. The organization was formed for the purpose of fostering economic growth, encouraging new industries, and developing employment opportunities in the City. The Governing Board of FEDC includes two representatives of the City; in addition, the City Auditor sits on the finance committee. Financial information can be obtained from the director of FEDC at 342 Perry Street, Fostoria Ohio 44830.

RELATED ORGANIZATION

Kaubisch Memorial Public Library - The Kaubisch Memorial Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the mayor of the City of Fostoria. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kaubisch Memorial Public Library, c/o Clerk/Treasurer, at 205 Perry St., Fostoria, Ohio 44830.

CITY OF FOSTORIA, OHIO

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

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

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.

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 type.

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 fund include personnel and other expenses related to sewer and water operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus.

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the City's only major governmental fund:

CITY OF FOSTORIA, OHIO

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

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the City are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor permanent funds - Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

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:

Water fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City and to persons owning property adjacent to the corporation limits. The City also sells water to the Northwestern Water District and the Village of Arcadia.

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

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. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's fiduciary funds are private-purpose trusts. The City's private-purpose funds account for the Brubaker Trust, Henry H. Geary Jr. Trust, Laverne May Trust and Beard Flower Trust.

D. Measurement Focus and Basis of Accounting

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

CITY OF FOSTORIA, OHIO

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

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

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

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 also 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 inflows and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenue 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 year. For the City, available means expected to be received within sixty days of 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 15 and 16 for deferred outflows of resources related to net pension liability/asset and net OPEB liability, respectively.

CITY OF FOSTORIA, OHIO

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

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

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. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 15 and 16 for deferred inflows of resources related to net pension liability/asset and net OPEB liability, 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.

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. All funds legally required to be budgeted and appropriated.

The legal level of budgetary control is at the department/program/object level in the general fund and at the personal services level for the remaining funds. All other expenses are grouped together for the remaining funds. Although statutes require that all funds be budgeted, it is not necessary to do so if City Council does not anticipate expenditure of the available funds.

Segregated cash accounts are not included in the budgetary presentation because they are not controlled by the City and the departments do not adopt separate budgets. Advances-in and advances-out are not required to be budgeted since they represent a cash flow resource. Budgetary modifications may only be made by resolution of the City Council.

Tax Budget - During the first Council meeting in July, the Mayor presents the following fiscal year's annual operating budget to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

CITY OF FOSTORIA, OHIO

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

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include encumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that an estimates need to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificates of estimated resources issued during 2024.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the legal level of budgetary control. 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 amounts on the budgetary statement reflect the original and final appropriation amounts, including all amendments and modifications, legally enacted by 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 reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City's funds are pooled and invested in investments maturing within ten years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "equity in pooled cash and cash equivalents" on the financial statements.

During 2024, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit, a U.S. Government money market mutual fund, U.S. Treasury notes, and federal agency securities. Except for investments in STAR Ohio, investments are reported at fair value.

During 2024, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures 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 \$863,010, \$287,837 of which was assigned from other funds of the City.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent a specific fund has purchased the investment.

CITY OF FOSTORIA, OHIO

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

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

The Hancock County Auditor maintains undistributed permissive tax received. The balance of this account at December 31, 2024 was \$8,598. This account is presented on the financial statements as “cash and cash equivalents with fiscal agent”.

H. Inventories of Materials and Supplies

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

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

I. 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.

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 \$5,000. The City's infrastructure consists of bridges, curbs, sidewalks, storm sewers, streets, alleys, 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 \$5,000 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. 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	15 - 20 years	15 - 20 years
Buildings	20 - 45 years	50 years
Machinery and equipment	5 - 30 years	5 - 20 years
Vehicles	3 - 10 years	3 - 10 years
Infrastructure	10 - 50 years	80 years

CITY OF FOSTORIA, OHIO

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

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

J. 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, three types of leave qualify for liability recognition for compensated absences - vacation, sick leave and comp time. 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.

Comp Time

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

K. 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.

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.

L. Interfund Balances

On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "advances to/from other funds". On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." On fund financial statements, receivables and payables resulting from loans to cover negative fund cash balances are classified as "due to/from other funds." 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.

M. Interfund Activity

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

CITY OF FOSTORIA, OHIO

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

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

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.

N. 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. It also includes the long-term amount of loans receivable.

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 City Auditor the authority to constrain monies for intended purposes.

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.

O. Loans Receivable

Loans receivable represent the right to receive repayment for certain loans made by the City. These loans are based upon written agreements between the City and the various loan recipients.

CITY OF FOSTORIA, OHIO

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

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

P. 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.

Q. 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. For 2024, the sewer fund is reporting \$152,739 in capital contributions from grants.

R. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net position invested in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

S. 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 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.

T. 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".

CITY OF FOSTORIA, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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 reported 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.

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.

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Fire department grant	\$ 17,450
Police and fire pension	58,888
CDBG grant	58,364
CHIP Lap grant	50

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

C. 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.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 24,275,682	\$ (570,834)	\$ 23,704,848
Business-Type Activities	37,739,838	(180,057)	37,559,781
Total Net Position	\$ 62,015,520	\$ (750,891)	\$ 61,264,629
 Proprietary Funds			
Major Funds:			
Sewer	\$ 16,579,891	\$ (60,272)	\$ 16,519,619
Water	21,159,947	(119,785)	21,040,162
Total Proprietary Funds	\$ 37,739,838	\$ (180,057)	\$ 37,559,781

CITY OF FOSTORIA, OHIO

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

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.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be 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 division (1) or (2) 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.

CITY OF FOSTORIA, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 institutions 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.

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 City Auditor or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

At December 31, 2024, \$8,598 was on deposit with the City's fiscal agent for undistributed permissive tax received. This amount is excluded from the internal cash pool reported on the balance sheet as "equity in pooled cash and cash equivalents".

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 \$225,117.

B. Deposits with Financial Institutions

At December 31, 2024 the carrying amount of all City deposits, including cash with fiscal agent, was \$7,642,323. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2024, \$7,487,485 of the City's bank balance of \$7,737,485 was exposed to custodial risk 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 OPCS. 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 FOSTORIA, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

Measurement\ Investment Type	Measurement Value	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
<i>Amortized cost:</i>						
STAR Ohio	\$ 6,625,468	\$ 6,625,468	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
FFCB	692,391	-	-	250,293	-	442,098
FHLB	250,028	250,028	-	-	-	-
Negotiable CDs	5,554,653	1,240,597	1,243,469	995,819	199,738	1,875,030
U.S. Treasury notes	689,211	-	-	-	-	689,211
U.S. Government money market	355,284	355,284	-	-	-	-
Total	\$ 14,167,035	\$ 8,471,377	\$ 1,243,469	\$ 1,246,112	\$ 199,738	\$ 3,006,339

The weighted average maturity of investments is 0.94 years.

The City's investment in a U.S. Government money market and U.S. Treasury notes are valued using quoted prices in active markets (Level 1 inputs). The City's investments in federal agency securities, municipal bonds, commercial paper and negotiable certificates of deposit are valued using quoted market 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: STAR Ohio and the money market mutual fund both carry an AAAm rating by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of the purchase by at least one nationally recognized standard rating service. 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 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.

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 investment or collateral securities that are in the possession of an outside party. The negotiable certificates of deposit are covered by FDIC. The federal agency securities and U.S. Treasury notes were 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 has no investment policy dealing with investment custodial credit risk, beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, governing board, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

CITY OF FOSTORIA, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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>Amortized cost:</i>		
STAR Ohio	\$ 6,625,468	46.77%
<i>Fair value:</i>		
FHLMC		
FFCB	692,391	4.89%
FHLB	250,028	1.76%
Negotiable CDs	5,554,653	39.21%
U.S. Treasury notes	689,211	4.86%
U.S. Government money market	<u>355,284</u>	<u>2.51%</u>
Total	<u>\$ 14,167,035</u>	<u>100.00%</u>

D. 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</u>	
Carrying amount of deposits	\$ 7,642,323
Cash with fiscal agent	225,117
Investments	<u>14,167,035</u>
Total	<u>\$ 22,034,475</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 18,242,570
Business-type activities	3,781,375
Private-purpose trust funds	<u>10,530</u>
Total	<u>\$ 22,034,475</u>

NOTE 5 - INTERFUND TRANSACTIONS

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

Transfers to	Transfers from		
	Nonmajor		
	Governmental		
Transfers to	General	Funds	Total
Nonmajor governmental funds	\$ 1,207,519	\$ -	\$ 1,207,519
Water fund	-	1,486	1,486
Sewer fund	-	8,823	8,823
Total	<u>\$ 1,207,519</u>	<u>\$ 10,309</u>	<u>\$ 1,217,828</u>

CITY OF FOSTORIA, OHIO

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

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires 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. Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities.

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

B. Advances to/from other funds consisted of the following at December 31, 2024, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 17,500

Advances to/from other funds 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.

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 Fostoria. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents 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 since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by a deferred inflow 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.

The full tax rate applied to real property and tangible personal property for the year ended December 31, 2024 were as follows:

Seneca County - \$10.80 per \$1,000 of assessed valuation
Wood County - \$10.30 per \$1,000 of assessed valuation
Hancock County - \$9.40 per \$1,000 of assessed valuation

CITY OF FOSTORIA, OHIO

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

NOTE 6 - PROPERTY TAXES – (Continued)

Real property

Residential/agricultural	\$ 138,430,180
Commercial/industrial/mineral	54,726,170
Public utility	<u>24,724,390</u>
Total assessed value	<u><u>\$ 217,880,740</u></u>

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of two percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the City, and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of for-profit organizations conducting business within the City. Income tax revenue is reported to the extent that it was measurable and available to finance current operations at December 31. Income tax revenue for 2024 was \$8,290,158 as reported on the fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2024, consisted of taxes, accounts (billings for user charged services), accrued interest, payment in lieu of taxes, loans, special assessments and intergovernmental receivables arising from grants, entitlements, and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2024, as well as intended to finance 2024 operations.

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

Governmental activities:

Income taxes	\$ 2,508,524
Real and other taxes	2,111,144
Accounts	96,887
Accrued interest	96,829
Payment in lieu of taxes	6,552
Due from other governments	574,854
Loans	1,092,050

Business-type activities:

Accounts	1,482,052
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Receivables have been disaggregated on the face of the basic financial statements. 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 \$84,265 will not be received within one year.

The City is reporting a lease receivable of \$452,322 in the general fund. For 2024, the City recognized lease revenue of \$19,183, which is reported in rental income, and interest revenue of \$13,826.

The City entered into the following lease agreement as the lessor with terms as follows:

<u>Lease Type</u>	<u>Lease Commencement Date</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Verizon Wireless - Cell Tower	1997	2046	Annually

CITY OF FOSTORIA, OHIO

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

NOTE 9 - LEASE RECEIVABLE – (Continued)

The following is a schedule of future lease payments under the lease agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 7,518	\$ 13,758	\$ 21,276
2026	8,385	13,529	21,914
2027	9,297	13,274	22,571
2028	10,257	12,991	23,248
2029	11,266	12,679	23,945
2030 - 2034	73,358	57,586	130,944
2035 - 2039	107,339	44,462	151,801
2040 - 2044	150,335	25,643	175,978
2045 - 2046	<u>74,567</u>	<u>3,436</u>	<u>78,003</u>
Total	<u><u>\$ 452,322</u></u>	<u><u>\$ 197,358</u></u>	<u><u>\$ 649,680</u></u>

NOTE 10 - LOANS RECEIVABLE

The Fostoria City Council created the Revolving Loan Committee and granted them the authority to act on behalf of the City in making loans from the City's Revolving Loan Fund to qualified applicants within the revolving loan fund geographic area. At the close of 2024, there were loans outstanding to businesses with a total principal balance due of \$1,092,950.

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CITY OF FOSTORIA, OHIO

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

NOTE 11 - CAPITAL ASSETS

<u>Governmental activities:</u>	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
	<u>12/31/2023</u>			<u>12/31/24</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,932,021	\$ -	\$ -	\$ 1,932,021
Construction in progress	_____ -	104,983	_____ -	104,983
Total capital assets, not being depreciated	<u>1,932,021</u>	<u>104,983</u>	_____ -	<u>2,037,004</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	700,279	50,000	-	750,279
Buildings	8,175,202	-	-	8,175,202
Machinery and equipment	3,255,060	328,794	(76,590)	3,507,264
Vehicles	4,566,192	147,759	-	4,713,951
Infrastructure	<u>17,815,451</u>	<u>370,743</u>	_____ -	<u>18,186,194</u>
Total capital assets, being depreciated	<u>34,512,184</u>	<u>897,296</u>	<u>(76,590)</u>	<u>35,332,890</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(478,632)	(11,346)	-	(489,978)
Buildings	(6,899,305)	(92,673)	-	(6,991,978)
Machinery and equipment	(2,292,996)	(177,279)	29,835	(2,440,440)
Vehicles	(3,505,739)	(338,568)	-	(3,844,307)
Infrastructure	<u>(7,966,338)</u>	<u>(449,758)</u>	_____ -	<u>(8,416,096)</u>
Total accumulated depreciation	<u>(21,143,010)</u>	<u>(1,069,624)</u>	<u>29,835</u>	<u>(22,182,799)</u>
Total capital assets, being depreciated, net	<u>13,369,174</u>	<u>(172,328)</u>	<u>(46,755)</u>	<u>13,150,091</u>
Government-type activities capital assets, net	<u>\$ 15,301,195</u>	<u>\$ (67,345)</u>	<u>\$ (46,755)</u>	<u>\$ 15,187,095</u>

CITY OF FOSTORIA, OHIO

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

NOTE 11 - CAPITAL ASSETS - (Continued)

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/23</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/24</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 8,429,538	\$ -	\$ -	\$ 8,429,538
Total capital assets, not being depreciated	<u>8,429,538</u>	<u>-</u>	<u>-</u>	<u>8,429,538</u>
<i>Capital assets, being depreciated:</i>				
Buildings	15,380,980	263,462	(9,181)	15,635,261
Machinery and equipment	5,022,804	803,853	(166,819)	5,659,838
Vehicles	1,543,447	164,246	(34,549)	1,673,144
Infrastructure	<u>50,249,028</u>	<u>324,889</u>	<u>(5,000)</u>	<u>50,568,917</u>
Total capital assets, being depreciated	<u>72,196,259</u>	<u>1,556,450</u>	<u>(215,549)</u>	<u>73,537,160</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(8,560,430)	(225,465)	6,936	(8,778,959)
Machinery and equipment	(2,041,984)	(361,134)	166,819	(2,236,299)
Vehicles	(958,835)	(127,069)	34,549	(1,051,355)
Infrastructure	<u>(15,852,967)</u>	<u>(940,426)</u>	<u>3,050</u>	<u>(16,790,343)</u>
Total accumulated depreciation	<u>(27,414,216)</u>	<u>(1,654,094)</u>	<u>211,354</u>	<u>(28,856,956)</u>
Total capital assets, being depreciated, net	<u>44,782,043</u>	<u>(97,644)</u>	<u>(4,195)</u>	<u>44,680,204</u>
Business-type activities capital assets, net	<u>\$ 53,211,581</u>	<u>\$ (97,644)</u>	<u>\$ (4,195)</u>	<u>\$ 53,109,742</u>

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

Governmental activities:

General government	\$ 79,041
Security of persons and property	363,241
Public health and welfare	33,723
Transportation	541,443
Community environment	15,758
Leisure time activity	<u>36,418</u>
Total depreciation expense - governmental activities	<u>\$ 1,069,624</u>

Business-type activities:

Water	\$ 631,562
Sewer	<u>1,022,532</u>
Total depreciation expense - business-type activities	<u>\$ 1,654,094</u>

CITY OF FOSTORIA, OHIO

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

NOTE 12 - ACCUMULATED UNPAID EMPLOYEE BENEFITS

The City accrues unpaid vacation as it is earned and certain portions of sick leave pay as payment becomes probable.

All employees except firefighters: Sick leave accumulates at the rate of 4.6 hours of sick leave for 80 hours of work completed. Sick leave is accumulated and may be converted into cash upon retirement up to 135 days. Any employee who accumulates 120 sick days (960 hours) is paid on December 31st of each year a cash payment for any accumulated sick days over 120 days but such payment shall not exceed 15 days (120 hours). Individuals leaving the employment of the City prior to retirement or at retirement lose their accumulated sick leave. A liability has been recognized in the accompanying financial statements for sick leave for only the employees who are age 50 or older, or have twenty years with local government employment.

Firefighters: Sick leave accumulates at the rate of 10 hours per month. Any firefighter who accumulates in excess of 960 hours receives a cash payment for the amount of the excess. A firefighter who retires from the department is eligible for cash payment of the sick leave balance. A liability has been recognized in the accompanying financial statements for sick leave for firefighters who are age 50 or older, or have twenty years with local government employment.

Vacation is accumulated based upon length of service as follows:

<u>Uniform Service</u>	<u>Employee Hours Earned / Bi-weekly</u>	<u>Non-Uniform Service</u>	<u>Time Off - (Hours)</u>
After 1 year	80 Hours	After 1 year	40 Hours
After 8 years	120 Hours	After 2 years	80 Hours
After 12 years	160 Hours	After 5 years	98 Hours
After 18 years	200 Hours	After 8 years	120 Hours
After 25 years	240 Hours	After 10 years	136 Hours
		After 12 years	160 Hours
		After 15 years	176 Hours
		After 18 years	200 Hours
		After 20 years	216 Hours
		After 25 years	240 Hours

The accrued vacation and sick leave benefits have been recorded on the government-wide financial statements.

NOTE 13 - 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 the City's governmental long-term obligations.

	Restated			Due	
	Balance 12/31/23	Additions	Reductions	Balance 12/31/24	Within One Year
Governmental activities:					
OPWC loan - direct borrowing	\$ 36,429	\$ -	\$ (6,624)	\$ 29,805	\$ 6,623
Equipment loans	329,450	-	(77,113)	252,337	79,711
Compensated absences payable*	1,263,391	36,105	-	1,299,496	479,805
Net pension liability	12,228,176	617,060	(80,642)	12,764,594	-
Net OPEB liability	821,770	53,106	(39,391)	835,485	-
Total governmental activities	<u>\$ 14,679,216</u>	<u>\$ 706,271</u>	<u>\$ (203,770)</u>	<u>\$ 15,181,717</u>	<u>\$ 566,139</u>

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

CITY OF FOSTORIA, OHIO

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

NOTE 13 - 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 activities long-term obligations:

	Interest Rate	Restated			Balance		Amounts Due in One Year		
		Balance 12/31/23	Additions	Reductions	12/31/24				
Business-type activities:									
<u>OWDA loans payable - direct borrowing:</u>									
OWDA loan #5426	0.00%	\$ 372,321	\$ -	\$ (49,643)	\$ 322,678	\$ 49,643			
OWDA loan #6498	2.57%	2,798,344	-	(212,047)	2,586,297	217,531			
OWDA loan #5702	3.20%	628,740	-	(81,371)	547,369	84,037			
OWDA loan #7946/8807	0.00%	14,617,900	-	(494,345)	14,123,555	520,510			
Total OWDA loans		18,417,305	-	(837,406)	17,579,899	871,721			
<u>OPWC loans payable - direct borrowing:</u>									
N. Main St. Improvements	0.00%	48,744	-	(2,437)	46,307	2,437			
N. Main St. Improvements Phase IV	0.00%	237,994	-	(5,950)	232,044	11,899			
Jackson Street Waterline	0.00%	9,327	-	(3,731)	5,596	3,731			
Columbus Avenue	0.00%	48,209	-	(3,110)	45,099	3,110			
North Main Street Waterline Phase I	0.00%	216,367	-	(21,637)	194,730	21,636			
N. Main St. Sanitary Sewer	0.00%	96,499	-	(4,825)	91,674	4,825			
Vine Street and Arbor Street Improvements	0.00%	16,815	-	(4,804)	12,011	4,804			
Central Avenue and Arbor Street Improvements	0.00%	24,775	-	(5,505)	19,270	5,506			
Total OPWC loans		698,730	-	(51,999)	646,731	57,948			
<u>Other long-term obligations:</u>									
Compensated absences payable*		402,151	56,254	-	458,405	211,211			
Net pension liability		2,735,472	-	(351,028)	2,384,444	-			
Net OPEB liability		60,206	-	(60,206)	-	-			
Total other long-term obligations		3,197,829	56,254	(411,234)	2,842,849	211,211			
Total business-type activities		\$ 22,313,864	\$ 56,254	\$ (1,300,639)	\$ 21,069,479	\$ 1,140,880			

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

C. The Ohio Public Works Commission (OPWC) loans are general obligations of the City and will be repaid from the City's general operating revenues. Business-type activities principal payments are recorded in the water and sewer funds. The governmental activities principal payment will be recorded in the infrastructure capital improvement fund, a nonmajor governmental fund. The OPWC loans are interest free, providing repayment remains current.

The OPWC loan agreements require the City to insure the project against loss or damage. Any insurance policy issued shall be so written or endorsed as to make losses, if any, payable to the OPWC. Each insurance policy shall also contain a provision that the insurance company shall not cancel the policy without first giving written notice to the OPWC at least ten days in advance of such cancellation.

OPWC loans are direct borrowings that have terms negotiated directly between the City and the 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.

CITY OF FOSTORIA, OHIO

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

During 2019, the City entered into a loan agreement for an ambulance in the amount of \$174,594. This loan bears an interest rate of 3.99% and matures January 22, 2026. In 2021, the City entered into a loan agreement for a fire truck in the amount of \$374,500. This loan bears an interest rate of 3.01% and matures on January 15, 2028. These loans are paid from the general capital improvements fund, a nonmajor governmental fund.

For more details on net pension liability and net OPEB liability see Notes 15 and 16.

The City has entered into debt financing arrangements through the Ohio Water Development Authority (OWDA) to fund construction projects. The amounts due to the OWDA are payable solely from water and sewer fund revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2024, the City has outstanding borrowings of \$17,579,899. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down. The City has pledged future water and sewer revenues to repay OWDA loans. The loans are payable solely from water and sewer fund revenues and are payable through 2035. Annual principal and interest payments on the loans are expected to require 40.39 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$18,020,535. Principal and interest paid for the current year were \$927,748 and total customer net revenues were \$2,262,411.

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.

D. A summary of the City's future debt service requirements as of December 31, 2024 follows:

Future Payment Due In	Business-Type Activities - Direct Borrowings				
	OWDA Loans			OPWC Loans	
	Principal	Interest	Total	Principal Only	
2025	\$ 871,721	\$ 82,191	\$ 953,912	\$ 57,948	
2026	882,785	73,812	956,597	56,086	
2027	891,401	65,196	956,597	51,817	
2028	900,258	56,337	956,595	46,661	
2029	909,366	47,230	956,596	43,909	
2030-2034	4,090,556	114,078	4,204,634	197,909	
2035-2039	2,755,483	1,792	2,757,275	109,806	
2040-2044	2,615,970	-	2,615,970	82,595	
2045-2049	2,615,970	-	2,615,970	-	
2050-2051	1,046,389	-	1,046,389	-	
Total	\$ 17,579,899	\$ 440,636	\$ 18,020,535	\$ 646,731	

CITY OF FOSTORIA, OHIO

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

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Future Payment <u>Due In</u>	Governmental Activities			OPWC Loan <u>Direct Borrowing</u> <u>Principal Only</u>	
	Equipment Loans				
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>		
2025	\$ 79,711	\$ 7,530	\$ 87,241	\$ 6,623	
2026	60,651	5,056	65,707	6,624	
2027	55,157	3,372	58,529	6,623	
2028	56,818	1,711	58,529	6,623	
2029	-	-	-	3,312	
Total	\$ 252,337	\$ 17,669	\$ 270,006	\$ 29,805	

E. 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 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 voted debt margin was \$22,877,478 and the unvoted debt margin was \$11,983,441.

NOTE 14 - RISK MANAGEMENT

Beginning in 2024, the City has elected to offer employee medical insurance and prescription drug benefits through a self-insurance pool. 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. Fixed premiums for the calendar year are determined by the Jefferson Health Plan and paid to the third-party administrator.

The claims liability of \$167,024 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	\$ -	\$ 960,545	\$ (793,521)	\$ 167,024

The self-insurance pool holds the necessary reserves to pay for claims incurred but not reported (IBNR) as of the fiscal year end date of June 20, 2024. As of June 30, 2024, estimated IBNR Claims for the pool were \$50,047,922 and reported reserves were \$235,323,173. The City pays 85% of the premiums and the employee pays 15%.

Dental Insurance is fully insured and provided through Medical Mutual of Ohio with a deductible of \$50 per person per year (\$150 family maximum per year). The City pays 100% of the premium for this coverage.

Vision coverage is fully insured and provided through Medical Mutual of Ohio. The City pays 100% of the premium for this coverage.

CITY OF FOSTORIA, OHIO

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

NOTE 14 - RISK MANAGEMENT – (Continued)

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three years. There has been no significant reduction in the amount of insurance coverage from 2023.

NOTE 15 - 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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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.

CITY OF FOSTORIA, OHIO

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* 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 \$459,092 for 2024. Of this amount, \$36,724 is reported as pension and postemployment benefits payable.

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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

CITY OF FOSTORIA, OHIO

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

	Police	Firefighters
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2024 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<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 \$747,271 for 2024. Of this amount, \$83,332 is reported as pension and postemployment benefits payable.

CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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	0.01531900%	0.01208600%	0.02915600%	0.10988920%	
Proportion of the net pension liability/asset current measurement date	<u>0.01563600%</u>	<u>0.01265700%</u>	<u>0.02553400%</u>	<u>0.11442950%</u>	
Change in proportionate share	<u>0.00031700%</u>	<u>0.00057100%</u>	<u>-0.00362200%</u>	<u>0.00454030%</u>	
Proportionate share of the net pension liability	\$ 4,093,569	\$ -	\$ -	\$ 11,055,469	\$ 15,149,038
Proportionate share of the net pension asset	-	(38,904)	(2,848)	-	(41,752)
Pension expense	455,800	2,857	(270)	1,013,443	1,471,830

CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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
Deferred outflows of resources					
Differences between expected and actual experience	\$ 66,905	\$ 1,575	\$ 6,125	\$ 354,914	\$ 429,519
Net difference between projected and actual earnings on pension plan investments	826,260	6,328	506	1,252,818	2,085,912
Changes of assumptions	-	1,444	96	698,693	700,233
Changes in employer's proportionate percentage/ difference between employer contributions	85,625	-	-	347,713	433,338
Contributions subsequent to the measurement date	439,344	7,780	11,968	747,271	1,206,363
Total deferred outflows of resources	<u>\$ 1,418,134</u>	<u>\$ 17,127</u>	<u>\$ 18,695</u>	<u>\$ 3,401,409</u>	<u>\$ 4,855,365</u>
 Deferred inflows of resources					
Differences between expected and actual experience	\$ -	\$ 3,850	\$ -	\$ 123,641	\$ 127,491
Changes of assumptions	-	-	-	167,889	167,889
Changes in employer's proportionate percentage/ difference between employer contributions	55,822	-	-	402,161	457,983
Total deferred inflows of resources	<u>\$ 55,822</u>	<u>\$ 3,850</u>	<u>\$ -</u>	<u>\$ 693,691</u>	<u>\$ 753,363</u>

\$1,206,363 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction/increase to the net pension liability/asset in the year ending December 31, 2025.

CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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	\$ 225,020	\$ 962	\$ 1,055	\$ 452,814	\$ 679,851
2026	288,331	1,743	1,075	554,426	845,575
2027	527,270	3,651	1,207	880,112	1,412,240
2028	(117,653)	(1,048)	708	(37,627)	(155,620)
2029	-	102	686	109,216	110,004
Thereafter	-	87	1,996	1,506	3,589
Total	<u>\$ 922,968</u>	<u>\$ 5,497</u>	<u>\$ 6,727</u>	<u>\$ 1,960,447</u>	<u>\$ 2,895,639</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 FOSTORIA, OHIO

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

NOTE 15 - 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	100.00 %	

CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 6,444,377	\$ 4,093,569	\$ 2,138,379
Combined Plan	(23,542)	(38,904)	(51,008)
Member-Directed Plan	(2,043)	(2,848)	(3,575)

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

CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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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CITY OF FOSTORIA, OHIO

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

NOTE 15 - 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	\$ 14,643,792	\$ 11,055,469	\$ 8,071,429

CITY OF FOSTORIA, OHIO

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

NOTE 16 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

See Note 15 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.

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.

CITY OF FOSTORIA, OHIO

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

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

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

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

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.

CITY OF FOSTORIA, OHIO

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

NOTE 16 - 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 \$6,084 for 2024. Of this amount, \$487 is reported as pension and postemployment benefits payable.

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

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

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

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

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

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

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

CITY OF FOSTORIA, OHIO

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

NOTE 16 - 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 \$17,754 for 2024. Of this amount, \$1,980 is reported as 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	0.01579600%	0.10988920%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.01597300%</u>	<u>0.11442950%</u>	
Change in proportionate share	<u>0.00017700%</u>	<u>0.00454030%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 835,485	\$ 835,485
Proportionate share of the net OPEB asset	(144,161)	-	(144,161)
OPEB expense	(16,107)	(3,540)	(19,647)

CITY OF FOSTORIA, OHIO

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

NOTE 16 - 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
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 40,177	\$ 40,177
Net difference between projected and actual earnings on OPEB plan investments	86,574	61,697	148,271
Changes of assumptions	37,113	287,495	324,608
Changes in employer's proportionate percentage/ difference between employer contributions	3,540	96,976	100,516
Contributions subsequent to the measurement date	6,084	17,754	23,838
Total deferred outflows of resources	<u>\$ 133,311</u>	<u>\$ 504,100</u>	<u>\$ 637,411</u>
 Deferred inflows of resources			
Differences between expected and actual experience	\$ 20,519	\$ 153,537	\$ 174,056
Changes of assumptions	61,970	538,030	600,000
Changes in employer's proportionate percentage/ difference between employer contributions	1,930	137,069	138,999
Total deferred inflows of resources	<u>\$ 84,419</u>	<u>\$ 828,636</u>	<u>\$ 913,055</u>

\$23,838 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 FOSTORIA, OHIO

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

NOTE 16 - 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	\$ (2,365)	\$ (37,204)	\$ (39,569)
2026	7,019	(42,292)	(35,273)
2027	67,389	(28,303)	39,086
2028	(29,235)	(75,686)	(104,921)
2029	-	(75,669)	(75,669)
Thereafter	-	(83,136)	(83,136)
Total	\$ 42,808	\$ (342,290)	\$ (299,482)

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 FOSTORIA, OHIO

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

NOTE 16 - 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%
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 FOSTORIA, OHIO

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

NOTE 16 - 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	Current	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 79,226	\$ (144,161)	\$ (329,204)	

CITY OF FOSTORIA, OHIO

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

NOTE 16 - 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.

	Current Health Care Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 150,146	\$ 144,161	\$ 137,368

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 FOSTORIA, OHIO

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

NOTE 16 - 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 FOSTORIA, OHIO

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

NOTE 16 - 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,029,086	\$ 835,485	\$ 672,435

CITY OF FOSTORIA, OHIO

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

NOTE 17 - 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	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepayments	\$ 113,967	\$ 14,707	\$ 128,674
Long-term loans	17,450	-	17,450
Permanent fund	-	22,374	22,374
Materials and supplies inventory	-	63,895	63,895
Total nonspendable	131,417	100,976	232,393
Restricted:			
Capital projects	-	50	50
General government	-	6,274	6,274
Security of persons and property	-	202,432	202,432
Transportation projects	-	660,464	660,464
Revolving loans	-	3,130,360	3,130,360
Public health and welfare	-	223,495	223,495
Community environment	-	387,445	387,445
Other purposes	-	761,157	761,157
Total restricted	-	5,371,677	5,371,677
Committed:			
General government	-	73,689	73,689
Underground storage tank	11,000	-	11,000
Fostoria community trust	-	3,085	3,085
Capital projects	-	580,028	580,028
Total committed	11,000	656,802	667,802
Assigned:			
General government	143,557	-	143,557
Transportation	139,316	-	139,316
Community environment	3,986	-	3,986
Security of persons and property	159,245	-	159,245
Subsequent year appropriations	1,088,068	-	1,088,068
Other purposes	100,733	-	100,733
Total assigned	1,634,905	-	1,634,905
Unassigned (deficit)	11,598,032	(134,752)	11,463,280
Total fund balances	\$ 13,375,354	\$ 5,994,703	\$ 19,370,057

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.

CITY OF FOSTORIA, OHIO

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

NOTE 19 - OTHER COMMITMENTS

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End</u>
<u>Encumbrances</u>	
General fund	\$ 443,243
Other governmental funds	<u>1,646,030</u>
Total	<u><u>\$ 2,089,273</u></u>

NOTE 20 - CONTINGENCIES

Litigation

The City is currently involved in litigation that's outcome is undeterminable.

NOTE 21 - FISCAL EMERGENCY

On May 26, 2016, the Auditor of State declared the City in fiscal emergency as of December 31, 2015 and February 29, 2016, due to the existence of numerous negative fund balances. The declaration resulted in financial planning and supervision commission assuming certain management responsibilities for the duration of this emergency. This contributed to the City's financial condition including reductions in State revenues, phase-out of the tangible personal property tax, increasing health care costs and building maintenance costs and a significant decline in growth on the local level. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 22 - TAX ABATEMENTS

Seneca County entered into multiple property tax abatement agreements with property owners under The Ohio Community Reinvestment Area (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. The total value of taxes abated for 2024 CRAs was \$19,898.

NOTE 23 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2024, the City did not receive any new COVID-19 funding. However, the City had \$261,184 of COVID-19 funding remaining to be expended and these dollars were committed prior to December 31, 2024 consistent with the applicable program guidelines

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOSTORIA, OHIO

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
Budgetary revenues:				
Municipal income taxes	\$ 8,005,100	\$ 8,005,100	\$ 8,291,504	\$ 286,404
Property and other taxes	1,622,810	1,622,810	1,721,341	98,531
Charges for services	490,600	490,600	607,324	116,724
Licenses and permits	14,000	14,000	23,225	9,225
Fines and forfeitures	2,500	2,500	3,033	533
Intergovernmental	685,950	685,950	448,404	(237,546)
Investment income	277,000	277,000	855,803	578,803
Rental income.	56,600	56,600	58,135	1,535
Contributions and donations	-	-	3,000	3,000
Other.	263,261	263,261	246,323	(16,938)
Total budgetary revenues.	<u>11,417,821</u>	<u>11,417,821</u>	<u>12,258,092</u>	<u>840,271</u>
Budgetary expenditures:				
Current:				
General government:				
Legislative and executive	1,835,961	2,080,961	1,667,227	413,734
Judicial	142,915	154,615	117,144	37,471
Security of persons and property	7,339,684	7,624,784	7,099,309	525,475
Public health and welfare.	340,860	370,660	362,146	8,514
Transportation	207,644	319,844	333,916	(14,072)
Community environment	49,801	66,201	42,035	24,166
Total budgetary expenditures	<u>9,916,865</u>	<u>10,617,065</u>	<u>9,621,777</u>	<u>(995,288)</u>
Budgetary excess of revenues over expenditures	<u>1,500,956</u>	<u>800,756</u>	<u>2,636,315</u>	<u>1,835,559</u>
Budgetary other financing sources (uses):				
Sale of capital assets.	-	-	23,950	23,950
Advances in	624,000	624,000	-	(624,000)
Advances (out).	(600,000)	(600,000)	-	600,000
Transfers (out).	(1,433,233)	(1,473,133)	(1,267,519)	205,614
Total budgetary other financing sources (uses).	<u>(1,409,233)</u>	<u>(1,449,133)</u>	<u>(1,243,569)</u>	<u>205,564</u>
Net change in fund balances	91,723	(648,377)	1,392,746	2,041,123
Budgetary fund balances at beginning of year . . .	10,111,977	10,111,977	10,111,977	-
Prior year encumbrances appropriated	688,765	688,765	688,765	-
Budgetary fund balances at end of year	<u>\$ 10,892,465</u>	<u>\$ 10,152,365</u>	<u>\$ 12,193,488</u>	<u>\$ 2,041,123</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FOSTORIA, 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 FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.015636000%	\$ 4,093,569	\$ 2,596,150	157.68%	79.01%
2023	0.015319000%	4,525,239	2,364,329	191.40%	75.74%
2022	0.015560000%	1,353,784	2,286,400	59.21%	92.62%
2021	0.016608000%	2,459,282	2,260,257	108.81%	86.88%
2020	0.017114000%	3,382,698	2,423,893	139.56%	82.17%
2019	0.018206000%	4,986,255	2,439,236	204.42%	74.70%
2018	0.018714000%	2,935,864	2,485,392	118.12%	84.66%
2017	0.021000000%	4,768,743	2,719,167	175.38%	77.25%
2016	0.021606000%	3,742,432	2,709,875	138.10%	81.08%
2015	0.021993000%	2,652,603	2,662,292	99.64%	86.45%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 439,344	\$ (439,344)	\$ -	\$ 3,138,171	14.00%
2023	363,461	(363,461)	-	2,596,150	14.00%
2022	331,006	(331,006)	-	2,364,329	14.00%
2021	320,096	(320,096)	-	2,286,400	14.00%
2020	316,436	(316,436)	-	2,260,257	14.00%
2019	339,345	(339,345)	-	2,423,893	14.00%
2018	341,493	(341,493)	-	2,439,236	14.00%
2017	323,101	(323,101)	-	2,485,392	13.00%
2016	326,300	(326,300)	-	2,719,167	12.00%
2015	325,185	(325,185)	-	2,709,875	12.00%

(1) Amounts presented for each fiscal 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 FOSTORIA, 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 FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.012657000%	\$ 38,904	\$ 58,125	66.93%	144.55%
2023	0.012086000%	28,486	56,136	50.74%	137.14%
2022	0.015310000%	60,322	69,800	86.42%	169.88%
2021	0.018964000%	54,742	83,579	65.50%	157.67%
2020	0.015991000%	33,345	71,186	46.84%	145.28%
2019	0.009718000%	10,866	41,564	26.14%	126.64%
2018	0.010153000%	13,822	41,585	33.24%	137.28%
2017	0.011809000%	6,573	45,967	14.30%	116.55%
2016	0.013130000%	6,389	47,792	13.37%	116.90%
2015	0.013073000%	5,033	47,783	10.53%	114.83%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 7,780	\$ (7,780)	\$ -	\$ 64,833	12.00%
2023	6,975	(6,975)	-	58,125	12.00%
2022	7,859	(7,859)	-	56,136	14.00%
2021	9,772	(9,772)	-	69,800	14.00%
2020	11,701	(11,701)	-	83,579	14.00%
2019	9,966	(9,966)	-	71,186	14.00%
2018	5,819	(5,819)	-	41,564	14.00%
2017	5,406	(5,406)	-	41,585	13.00%
2016	5,516	(5,516)	-	45,967	12.00%
2015	5,735	(5,735)	-	47,792	12.00%

(1) Amounts presented for each fiscal 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 FOSTORIA, 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 FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.025534000%	\$ 2,848	\$ 188,110	1.51%	134.44%
2023	0.029156000%	2,280	198,390	1.15%	126.74%
2022	0.024029000%	4,363	150,650	2.90%	171.84%
2021	0.008938000%	1,629	53,680	3.03%	188.21%
2020	0.007958000%	301	47,310	0.64%	118.84%
2019	0.007316000%	167	41,820	0.40%	113.42%
2018	0.007880000%	275	43,190	0.64%	124.46%
2017	0.008494000%	35	44,092	0.08%	103.40%
2016	0.008876000%	34	49,433	0.07%	103.91%
2015	n/a	n/a	n/a	n/a	107.10%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 11,968	\$ (11,968)	\$ -	\$ 119,680	10.00%
2023	18,811	(18,811)	-	188,110	10.00%
2022	19,839	(19,839)	-	198,390	10.00%
2021	15,065	(15,065)	-	150,650	10.00%
2020	5,368	(5,368)	-	53,680	10.00%
2019	4,731	(4,731)	-	47,310	10.00%
2018	4,182	(4,182)	-	41,820	10.00%
2017	4,319	(4,319)	-	43,190	10.00%
2016	5,291	(5,291)	-	44,092	12.00%
2015	5,932	(5,932)	-	49,433	12.00%

(1) Amounts presented for each fiscal 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 FOSTORIA, 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 FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.114429500%	\$ 11,055,469	\$ 3,315,966	333.40%	63.63%
2023	0.109889200%	10,438,409	3,008,535	346.96%	62.90%
2022	0.115943100%	7,243,454	2,972,188	243.71%	75.03%
2021	0.114166800%	7,782,853	2,700,516	288.20%	70.65%
2020	0.119986200%	8,082,911	2,820,621	286.56%	69.89%
2019	0.122444000%	9,994,666	2,809,355	355.76%	63.07%
2018	0.115908000%	7,113,852	2,566,630	277.17%	70.91%
2017	0.128916000%	8,165,436	2,825,082	289.03%	68.36%
2016	0.154489000%	9,938,416	2,932,069	338.96%	66.77%
2015	0.128217600%	6,642,206	2,800,490	237.18%	72.20%
<hr/>					
Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<hr/>					
<i>Police:</i>					
2024	\$ 368,011	\$ (368,011)	\$ -	\$ 1,936,900	19.00%
2023	340,256	(340,256)	-	1,790,821	19.00%
2022	305,684	(305,684)	-	1,608,863	19.00%
2021	299,082	(299,082)	-	1,574,116	19.00%
2020	279,930	(279,930)	-	1,473,316	19.00%
2019	290,983	(290,983)	-	1,531,489	19.00%
2018	297,977	(297,977)	-	1,568,300	19.00%
2017	285,971	(285,971)	-	1,505,111	19.00%
2016	314,857	(314,857)	-	1,657,142	19.00%
2015	297,165	(297,165)	-	1,564,026	19.00%
<hr/>					
<i>Fire:</i>					
2024	\$ 379,260	\$ (379,260)	\$ -	\$ 1,613,872	23.50%
2023	358,409	(358,409)	-	1,525,145	23.50%
2022	328,923	(328,923)	-	1,399,672	23.50%
2021	328,547	(328,547)	-	1,398,072	23.50%
2020	288,392	(288,392)	-	1,227,200	23.50%
2019	302,946	(302,946)	-	1,289,132	23.50%
2018	291,648	(291,648)	-	1,241,055	23.50%
2017	249,457	(249,457)	-	1,061,519	23.50%
2016	274,466	(274,466)	-	1,167,940	23.50%
2015	321,490	(321,490)	-	1,368,043	23.50%

(1) Amounts presented for each fiscal 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 FOSTORIA, 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 FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.015973000%	\$ (144,161)	\$ 2,842,385	5.07%	107.76%
2023	0.015796000%	99,597	2,618,855	3.80%	94.79%
2022	0.015895000%	(497,856)	2,506,850	19.86%	128.23%
2021	0.016375000%	(291,735)	2,397,516	12.17%	115.57%
2020	0.016723000%	2,309,881	2,542,389	90.85%	47.80%
2019	0.017528000%	2,285,237	2,522,620	90.59%	46.33%
2018	0.018060000%	1,961,183	2,570,167	76.31%	54.14%
2017	0.020223810%	2,042,673	2,809,226	72.71%	54.05%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 6,084	\$ (6,084)	\$ -	\$ 3,322,684	0.18%
2023	8,686	(8,686)	-	2,842,385	0.31%
2022	7,935	(7,935)	-	2,618,855	0.30%
2021	6,026	(6,026)	-	2,506,850	0.24%
2020	2,147	(2,147)	-	2,397,516	0.09%
2019	1,891	(1,891)	-	2,542,389	0.07%
2018	1,673	(1,673)	-	2,522,620	0.07%
2017	26,998	(26,998)	-	2,570,167	1.05%
2016	56,184	(56,184)	-	2,809,226	2.00%
2015	53,153	(53,153)	-	2,807,100	1.89%

(1) Amounts presented for each fiscal 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 FOSTORIA, 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 FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.114429500%	\$ 835,485	\$ 3,315,966	25.20%	51.89%
2023	0.109889200%	782,379	3,008,535	26.01%	52.59%
2022	0.115943100%	1,270,836	2,972,188	42.76%	46.86%
2021	0.114166800%	1,209,616	2,700,516	44.79%	45.42%
2020	0.119986200%	1,185,191	2,820,621	42.02%	47.08%
2019	0.122444000%	1,115,040	2,809,355	39.69%	46.57%
2018	0.115908000%	6,567,236	2,566,630	255.87%	14.13%
2017	0.128916000%	6,119,353	2,825,082	216.61%	15.96%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions					Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll		
<i>Police:</i>						
2024	\$ 9,685	\$ (9,685)	\$ -	\$ 1,936,900	0.50%	
2023	8,954	(8,954)	-	1,790,821	0.50%	
2022	8,044	(8,044)	-	1,608,863	0.50%	
2021	7,871	(7,871)	-	1,574,116	0.50%	
2020	7,367	(7,367)	-	1,473,316	0.50%	
2019	7,657	(7,657)	-	1,531,489	0.50%	
2018	7,841	(7,841)	-	1,568,300	0.50%	
2017	7,526	(7,526)	-	1,505,111	0.50%	
2016	8,286	(8,286)	-	1,657,142	0.50%	
2015	8,031	(8,031)	-	1,564,026	0.50%	
<i>Fire:</i>						
2024	\$ 8,069	\$ (8,069)	\$ -	\$ 1,613,872	0.50%	
2023	7,626	(7,626)	-	1,525,145	0.50%	
2022	6,998	(6,998)	-	1,399,672	0.50%	
2021	6,990	(6,990)	-	1,398,072	0.50%	
2020	6,412	(6,412)	-	1,227,200	0.50%	
2019	6,446	(6,446)	-	1,289,132	0.50%	
2018	6,205	(6,205)	-	1,241,055	0.50%	
2017	5,308	(5,308)	-	1,061,519	0.50%	
2016	5,840	(5,840)	-	1,167,940	0.50%	
2015	6,840	(6,840)	-	1,368,043	0.50%	

(1) Amounts presented for each fiscal 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 FOSTORIA, 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 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>
Budget basis	\$ 1,392,746
Net adjustment for revenue accruals	(67,932)
Net adjustment for expenditure accruals	(48,484)
Net adjustment for other sources/uses	(23,950)
Funds budgeted elsewhere	(42,953)
Adjustments for encumbrances	<u>524,660</u>
GAAP Basis	<u>\$ 1,734,087</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 health insurance fund, the loop road project fund, the community development fund, the charter government fund, the underground storage tank fund and the job creation grant program fund.

CITY OF FOSTORIA, OHIO

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

NOTE 2 - PENSIONS & 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 FOSTORIA, OHIO

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

NOTE 2 - PENSIONS & 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 FOSTORIA, OHIO

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

NOTE 2 - PENSIONS & 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% 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% down to 3.16%, (b) the municipal bond rate was decreased from 3.71% down 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% down 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 FOSTORIA, OHIO

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

NOTE 2 - PENSIONS & 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% down 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%.

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

City of Fostoria
Seneca County
213 South Main Street
Fostoria, Ohio 44830

To the Members of the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fostoria, Seneca County, (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 13, 2025. We noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

June 13, 2025

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF FOSTORIA

SENECA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/21/2025

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