

**CITY OF BAY VILLAGE
CUYAHOGA COUNTY, OHIO**

REGULAR AUDIT

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



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

City Council
City of Bay Village
350 Dover Center Road
Bay Village, Ohio 44140

We have reviewed the *Independent Auditor's Report* of the City of Bay Village, Cuyahoga County, prepared by Julian & Grube, 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 Bay Village is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh".

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

December 29, 2025

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**CITY OF BAY VILLAGE
CUYAHOGA COUNTY, OHIO**

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Independent Auditor's Report

City of Bay Village
Cuyahoga County
350 Dover Center Road
Bay Village, Ohio 44140

To the Members of Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay Village, 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 accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City of Bay Village restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences". Our opinions are not modified with respect to this matter.

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 of Bay Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Bay Village'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 of Bay Village'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.

City of Bay Village
Cuyahoga County
Independent Auditor's Report

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2025 on our consideration of the City of Bay Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bay Village'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 of Bay Village's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
June 30, 2025

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CITY OF BAY VILLAGE, OHIO

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

The management's discussion and analysis of the City of Bay Village'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 \$13,417,676 from December 31, 2023's net position. Net position of governmental activities increased \$13,164,958 or 33.95% from December 31, 2023's net position and net position of business-type activities increased \$252,718 or 2.00% from December 31, 2023's net position.
- General revenues accounted for \$24,268,509 or 70.92% of total governmental activities revenue. Program specific revenues accounted for \$9,948,862 or 29.08% of total governmental activities revenue.
- The City had \$20,877,413 in expenses related to governmental activities; \$9,948,862 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of 10,928,551 were offset by general revenues (primarily property taxes, municipal income taxes and unrestricted grants and entitlements) of \$24,268,509.
- The general fund had revenues and other finance sources of \$18,835,162 in 2024. The expenditures and other financing uses of the general fund totaled \$16,176,884 in 2024. The net increase in fund balance for the general fund was \$2,658,278 or 32.96%.
- The general obligation bond retirement fund had revenues and other financing sources of \$3,080,188 in 2024. The expenditures and other financing uses of the general obligation bond retirement fund totaled \$5,808,966 in 2024. The net decrease in fund balance for the general obligation bond retirement fund was \$2,728,778 or 37.46%.
- The general capital improvement fund had revenues and other financing sources of \$13,732,379 in 2024. The expenditures of the general capital improvement fund totaled \$8,545,836 in 2024. The net increase in fund balance for the general capital improvement fund was \$5,186,543 or 488.71%.
- Net position for the business-type activities, which are made up of the sewer and swimming pool enterprise funds, increased in 2024 by \$252,718.
- The sewer enterprise fund had operating revenues of \$3,696,663 and operating expenses of \$3,722,634. The sewer fund had \$6,215 in non-operating expenses. Net position of the sewer fund decreased \$32,186 or 0.28%.
- The swimming pool enterprise fund had operating revenues of \$349,842 and operating expenses of \$474,337. The swimming pool fund also had transfers in of \$175,000. The net position of the swimming pool fund increased \$50,505 or 5.09%.
- In the general fund, the actual revenues and other financing sources came in \$2,858,198 higher than they were in the final budget and actual expenditures and other financing uses were \$2,032,984 lower than in the final budget. Final budgeted expenditures and other financing uses were \$1,029,192 more than the original budget and final budgeted revenues and other financing sources were \$39,154 more than the original budget.

CITY OF BAY VILLAGE, OHIO

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

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.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of 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 that 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, street maintenance, capital improvements and general administration. These services are funded primarily by property and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's sewer and swimming pool 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. The City did not have any 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 focus on the City's most significant funds.

CITY OF BAY VILLAGE, OHIO

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

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 funds are the general fund, general obligation bond retirement fund, and the general capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer and swimming pool operations, which are considered major funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

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 (RSI)

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 liability/asset and net OPEB liability/asset.

CITY OF BAY VILLAGE, OHIO

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

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2024 compared to 2023.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 53,411,933	\$ 49,208,016	\$ 2,923,150	\$ 2,624,070	\$ 56,335,083	\$ 51,832,086
Capital assets, net	<u>41,168,231</u>	<u>32,549,587</u>	<u>15,400,871</u>	<u>12,398,420</u>	<u>56,569,102</u>	<u>44,948,007</u>
Total assets	<u>94,580,164</u>	<u>81,757,603</u>	<u>18,324,021</u>	<u>15,022,490</u>	<u>112,904,185</u>	<u>96,780,093</u>
Deferred outflows of resources	<u>7,504,359</u>	<u>9,645,715</u>	<u>407,677</u>	<u>661,634</u>	<u>7,912,036</u>	<u>10,307,349</u>
Liabilities						
Current liabilities	5,330,527	10,584,537	81,397	112,318	5,411,924	10,696,855
Long-term liabilities:						
Due within one year	1,496,572	686,651	117,908	65,032	1,614,480	751,683
Other amounts	<u>27,597,871</u>	<u>27,104,356</u>	<u>5,585,062</u>	<u>2,714,932</u>	<u>33,182,933</u>	<u>29,819,288</u>
Total liabilities	<u>34,424,970</u>	<u>38,375,544</u>	<u>5,784,367</u>	<u>2,892,282</u>	<u>40,209,337</u>	<u>41,267,826</u>
Deferred inflows of resources	<u>15,713,716</u>	<u>13,186,769</u>	<u>65,811</u>	<u>39,481</u>	<u>15,779,527</u>	<u>13,226,250</u>
Net Position						
Net investment in capital assets	37,881,172	25,686,526	11,126,267	11,117,008	49,007,439	36,803,534
Restricted	4,744,512	8,881,850	50,102	8,228	4,794,614	8,890,078
Unrestricted	<u>9,320,153</u>	<u>5,272,629</u>	<u>1,705,151</u>	<u>1,627,125</u>	<u>11,025,304</u>	<u>6,899,754</u>
Total net position	<u>\$ 51,945,837</u>	<u>\$ 39,841,005</u>	<u>\$ 12,881,520</u>	<u>\$ 12,752,361</u>	<u>\$ 64,827,357</u>	<u>\$ 52,593,366</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/asset 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.

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.

CITY OF BAY VILLAGE, OHIO

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

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 plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$64,827,357. At year-end, net positions were \$51,945,837 and \$12,881,520 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 50.10% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, software, vehicles, intangible right-to-use assets, and infrastructure. Net investment in capital assets at December 31, 2024 was \$37,881,172 and \$11,126,267 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City’s governmental activities net position, \$4,744,512, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position is \$9,320,153.

CITY OF BAY VILLAGE, OHIO

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

The table below shows the comparative analysis of changes in net position for 2024 compared to 2023. The beginning net position of the business-type activities has been restated as described in Note 3.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,788,077	\$ 1,894,016	\$ 4,281,300	\$ 3,583,599	\$ 6,069,377	\$ 5,477,615
Operating grants and contributions	1,944,007	1,620,808	-	-	1,944,007	1,620,808
Capital grants and contributions	<u>6,216,778</u>	<u>433,817</u>	<u>-</u>	<u>-</u>	<u>6,216,778</u>	<u>433,817</u>
Total program revenues	<u>9,948,862</u>	<u>3,948,641</u>	<u>4,281,300</u>	<u>3,583,599</u>	<u>14,230,162</u>	<u>7,532,240</u>
General revenues:						
Property and other taxes	9,634,559	9,736,869	-	-	9,634,559	9,736,869
Income taxes	10,633,317	10,675,473	-	-	10,633,317	10,675,473
Grants and entitlements	1,982,697	2,031,061	-	-	1,982,697	2,031,061
Investment earnings	1,567,294	1,468,289	-	-	1,567,294	1,468,289
Miscellaneous	<u>450,642</u>	<u>297,772</u>	<u>2,920</u>	<u>22,665</u>	<u>453,562</u>	<u>320,437</u>
Total general revenues and transfers	<u>24,268,509</u>	<u>24,209,464</u>	<u>2,920</u>	<u>22,665</u>	<u>24,271,429</u>	<u>24,232,129</u>
Total revenues	<u>34,217,371</u>	<u>28,158,105</u>	<u>4,284,220</u>	<u>3,606,264</u>	<u>38,501,591</u>	<u>31,764,369</u>
Expenses:						
General government	3,639,947	4,540,646	-	-	3,639,947	4,540,646
Security of persons and property	9,579,178	11,535,587	-	-	9,579,178	11,535,587
Public health and welfare	337,387	398,157	-	-	337,387	398,157
Transportation	2,293,466	2,747,567	-	-	2,293,466	2,747,567
Community environment	1,025,018	1,264,251	-	-	1,025,018	1,264,251
Leisure time activity	1,275,680	1,442,254	-	-	1,275,680	1,442,254
Basic utility services	2,478,331	2,349,242	-	-	2,478,331	2,349,242
Interest	236,848	251,017	-	-	236,848	251,017
Note issuance costs	11,558	-	-	-	11,558	-
Sewer	-	-	3,731,761	2,035,219	3,731,761	2,035,219
Swimming pool	-	-	474,073	579,237	474,073	579,237
Storm sewer maintenance	-	-	<u>668</u>	<u>-</u>	<u>668</u>	<u>-</u>
Total expenses	<u>20,877,413</u>	<u>24,528,721</u>	<u>4,206,502</u>	<u>2,614,456</u>	<u>25,083,915</u>	<u>27,143,177</u>
Change in net position before transfers	13,339,958	3,629,384	77,718	991,808	13,417,676	4,621,192
Transfers	<u>(175,000)</u>	<u>(937,646)</u>	<u>175,000</u>	<u>937,646</u>	<u>-</u>	<u>-</u>
Change in net position	13,164,958	2,691,738	252,718	1,929,454	13,417,676	4,621,192
Net position, as previously reported	39,841,005	37,149,267	12,752,361	10,822,907	52,593,366	47,972,174
Change in accounting principle	(1,060,126)	-	(123,559)	-	(1,183,685)	-
Net position at beginning of year (restated)	<u>38,780,879</u>	<u>37,149,267</u>	<u>12,628,802</u>	<u>10,822,907</u>	<u>51,409,681</u>	<u>47,972,174</u>
Net position at end of year	<u>\$ 51,945,837</u>	<u>\$ 39,841,005</u>	<u>\$ 12,881,520</u>	<u>\$ 12,752,361</u>	<u>\$ 64,827,357</u>	<u>\$ 52,593,366</u>

CITY OF BAY VILLAGE, OHIO

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

Governmental Activities

Governmental activities net position increased \$13,164,958 in 2024.

Security of persons and property, which includes police and fire department operations, accounted for \$9,579,178 or 45.88% of the total governmental expenses of the City. Security of persons and property expenses were partially funded by \$151,645 in direct charges to users of the services. General government expenses totaled \$3,639,947 or 17.43%. General government expenses were partially funded by \$915,132 in direct charges to users of the services.

Overall, expenses of the governmental activities decreased \$3,651,308 or 14.89%. The large decrease was primarily the result of a decrease in pension expense due to changes that occurred at the pension systems.

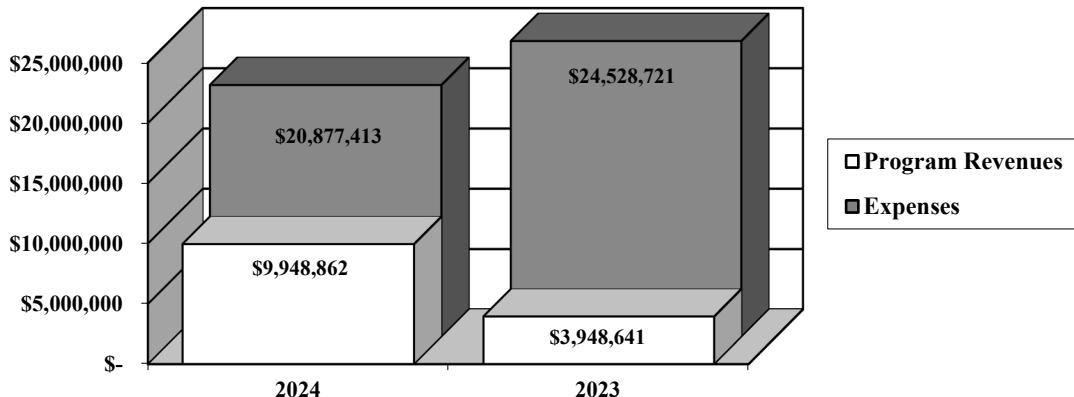
The state and federal government contributed to the City a total of \$1,944,007 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of this total, \$1,053,247 subsidized transportation programs.

General revenues totaled \$24,268,509. These revenues primarily consist of property and other taxes and income tax revenue of \$20,267,876, as well as grants and entitlements not restricted to specific programs, including local government, making up \$1,982,697. Income taxes increased to better than anticipated income tax collection in the City. Property taxes increased due to an increase in valuations. The increase in investment earnings is the result of an increase in interest rates on the City's investments..

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services.

The graph below shows total governmental expenses and the portion of those expenses offset by program revenues:

Governmental Activities – Program Revenues vs. Total Expenses



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 for 2024 compared to 2023.

CITY OF BAY VILLAGE, OHIO

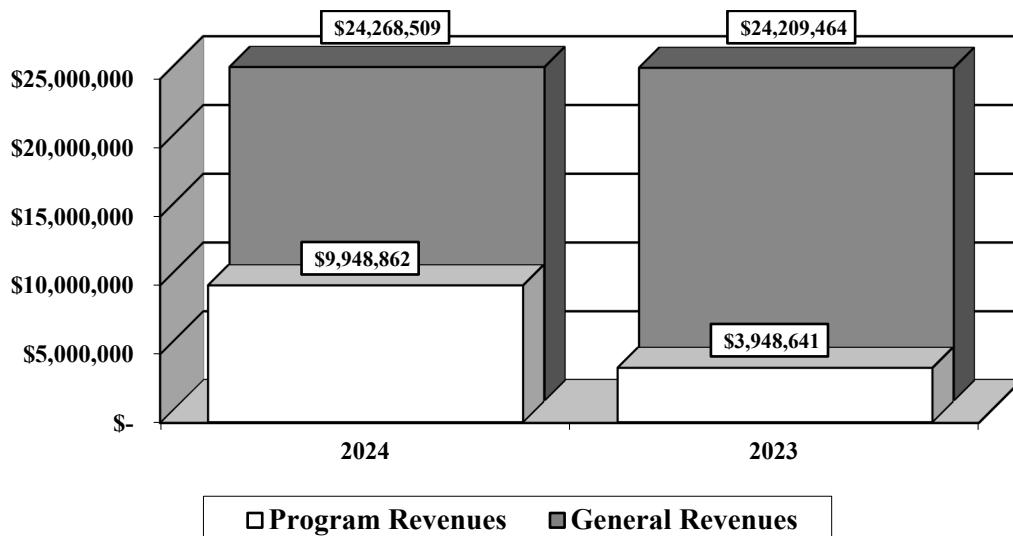
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

	Governmental Activities			
	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 3,639,947	\$ 1,990,706	\$ 4,540,646	\$ 3,122,517
Security of persons and property	9,579,178	9,348,476	11,535,587	11,351,371
Public health and welfare	337,387	308,861	398,157	364,916
Transportation	2,293,466	(4,976,559)	2,747,567	1,308,041
Community environment	1,025,018	506,316	1,264,251	648,278
Leisure time activities	1,275,680	1,024,014	1,442,254	1,184,698
Basic utility services	2,478,331	2,478,331	2,349,242	2,349,242
Interest	236,848	236,848	251,017	251,017
Issuance costs	11,558	11,558	-	-
 Total Expenses	 \$ 20,877,413	 \$ 10,928,551	 \$ 24,528,721	 \$ 20,580,080

The dependence upon general revenues for governmental activities is apparent, with 52.35% of expenses supported through taxes and other general revenues.

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

Governmental Activities – General and Program Revenues



Business-Type Activities

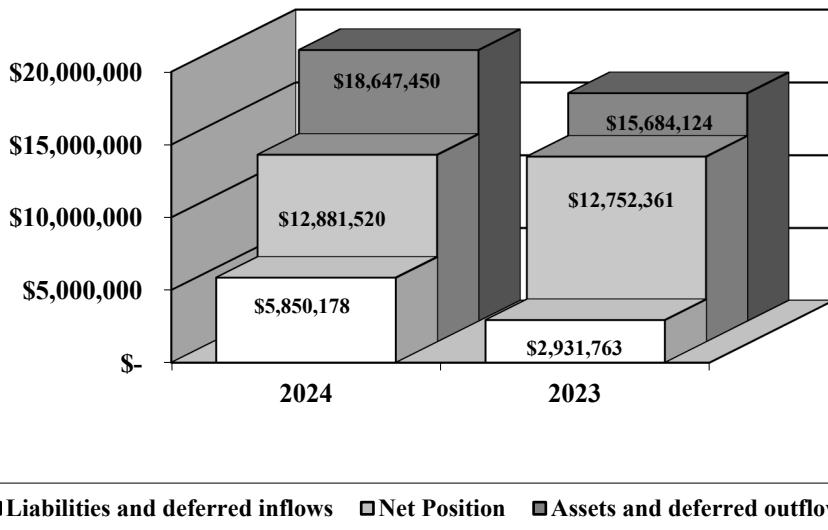
Business-type activities include the sewer, swimming pool and storm sewer maintenance enterprise funds. These programs had program revenues of \$4,281,300, transfers-in of \$175,000 and expenses of \$4,206,502 for 2024.

CITY OF BAY VILLAGE, OHIO

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

The graph below shows the business-type activities assets and deferred outflows, liabilities and deferred inflows and net position at December 31, 2024 and December 31, 2023.

Net Position in Business – Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds reported a combined fund balance of \$29,371,062 which is \$5,789,713 higher than last year's total of \$23,581,349. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2024 and 2023 for all major and non-major governmental funds.

	Fund Balances	Fund Balances	<u>Change</u>
	<u>12/31/2024</u>	<u>12/31/2023</u>	
Major funds:			
General	\$ 10,722,938	\$ 8,064,660	\$ 2,658,278
General obligation bond retirement	4,554,789	7,283,567	(2,728,778)
General capital improvement	4,125,269	(1,061,274)	5,186,543
Other nonmajor governmental funds	9,968,066	9,294,396	673,670
Total	\$ 29,371,062	\$ 23,581,349	\$ 5,789,713

CITY OF BAY VILLAGE, OHIO

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

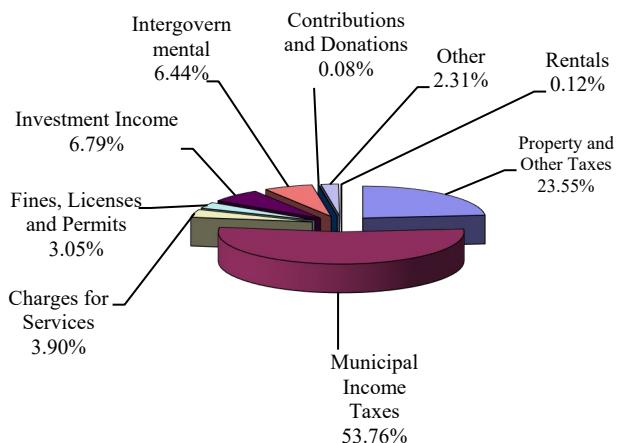
General Fund

The City's general fund balance increased \$2,658,278. The table that follows assists in illustrating the revenues of the general fund.

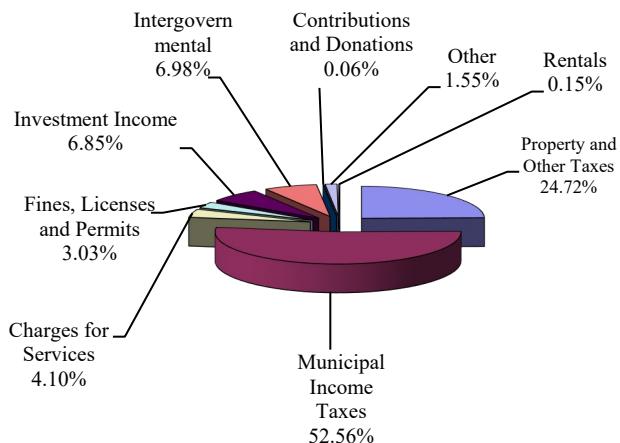
	2024	2023	Change	Percentage Change
	<u>Amount</u>	<u>Amount</u>		
Revenues				
Municipal income taxes	\$ 10,112,792	\$ 9,583,312	\$ 529,480	5.53 %
Property and other taxes	4,429,783	4,507,186	(77,403)	(1.72) %
Charges for services	733,051	746,872	(13,821)	(1.85) %
Fines, licenses and permits	573,064	553,230	19,834	3.59 %
Intergovernmental	1,210,917	1,273,209	(62,292)	(4.89) %
Investment income	1,277,355	1,248,235	29,120	2.33 %
Rental income	23,030	27,980	(4,950)	(17.69) %
Contributions and donations	14,982	10,726	4,256	39.68 %
Other	<u>433,833</u>	<u>283,393</u>	<u>150,440</u>	<u>53.09</u> %
Total	<u>\$ 18,808,807</u>	<u>\$ 18,234,143</u>	<u>\$ 574,664</u>	<u>3.15</u> %

Revenue of the general fund increased \$574,664 or 3.15%. Tax revenue (income tax, property and other taxes) represents 77.32% of all general fund revenue. Tax revenue increased 3.21% from prior year. The increase in property and other taxes was the result of an increase in income tax collections. Investment income increased \$29,120 or 2.33% due to an increase in interest rates earned on investments due to economic conditions.

Revenues – 2024



Revenues - 2023



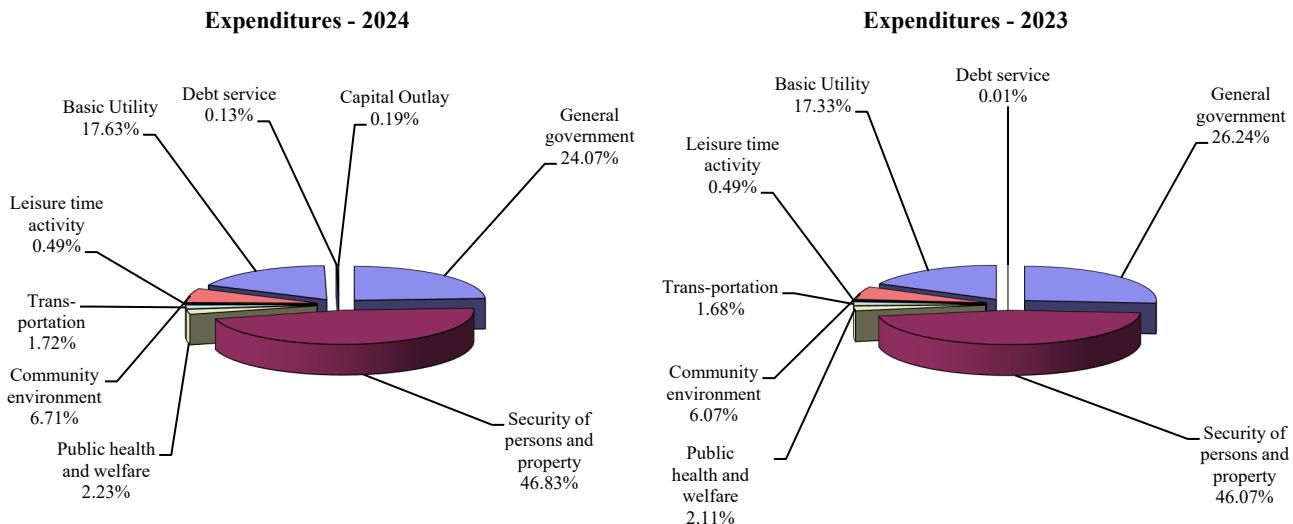
CITY OF BAY VILLAGE, OHIO

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

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

	<u>2024</u>	<u>2023</u>		<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>	<u>Change</u>
<u>Expenditures</u>				
General government	\$ 3,375,129	\$ 3,495,429	\$ (120,300)	(3.44) %
Security of persons and property	6,565,769	6,137,965	427,804	6.97 %
Public health and welfare	312,019	280,790	31,229	11.12 %
Transportation	241,597	223,753	17,844	7.97 %
Community environment	941,097	809,307	131,790	16.28 %
Leisure time activity	68,760	65,184	3,576	5.49 %
Basic utility services	2,472,360	2,308,860	163,500	7.08 %
Capital outlay	26,355	-	26,355	100.00 %
Debt service	<u>18,505</u>	<u>1,476</u>	<u>17,029</u>	<u>1,153.73</u> %
Total	<u>\$ 14,021,591</u>	<u>\$ 13,322,764</u>	<u>\$ 698,827</u>	<u>5.25</u> %

General fund expenditures increased \$698,827 or 5.25%. This increase was primarily the result of the City spending more on security of persons and property in the general fund.



Budgeting Highlights

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

In the general fund, the actual revenues came in \$2,858,198 higher than they were in the final budget and actual expenditures and other financing uses were \$2,032,984 less than the amount in the final budget. Final budgeted expenditures and other financing uses were \$1,029,192 more than the original budget and budgeted revenues were \$39,154 higher from the original to the final budget.

CITY OF BAY VILLAGE, OHIO

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

General Obligation Bond Retirement Fund

The general obligation bond retirement fund had revenues and other financing sources of \$3,080,188 in 2024. The expenditures and other financing uses of the general obligation bond retirement fund totaled \$5,808,966 in 2024. The decrease in fund balance for the general obligation bond retirement fund was \$2,728,778 or 37.46%.

General Capital Improvement Fund

The general capital improvement fund had revenues and other financing sources of \$13,732,379 in 2024. The expenditures of the general improvement fund totaled \$8,545,836 in 2024. The net increase in fund balance for the general capital improvement fund was \$5,186,543 or 488.71%. This increase was primarily the result of the transfers in to pay off the previous \$5.2 million notes and only issuing \$1.35 million in notes during 2024.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2024, the City had \$56,569,102 (net of accumulated depreciation/amortization) invested in land, construction in progress, land improvements, buildings, machinery and equipment, software, vehicles, intangible right-to-use assets, and infrastructure. Of this total, \$41,168,231 was reported in governmental activities and \$15,400,871 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/Amortization)**

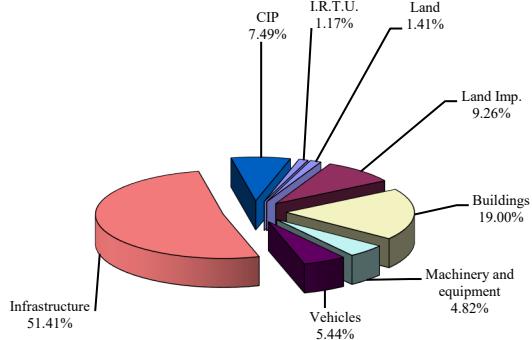
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land	\$ 581,367	\$ 581,367	\$ 40,000	\$ 40,000	\$ 621,367	\$ 621,367
Construction in Progress	3,081,469	3,720,935	4,942,159	1,603,574	8,023,628	5,324,509
Land improvements	3,812,360	2,223,702	302,137	322,421	4,114,497	2,546,123
Buildings	7,820,867	7,783,074	4,964,868	5,225,150	12,785,735	13,008,224
Machinery and equipment	1,984,861	2,107,737	198,039	88,662	2,182,900	2,196,399
Vehicles	2,238,623	2,520,029	636,555	649,985	2,875,178	3,170,014
Intangible right-to-use assets						
Equipment	98,179	977	-	-	98,179	977
Vehicles	321,621	-	-	-	321,621	-
SBITAs	62,649	40,483	15,284	20,241	77,933	60,724
Infrastructure						
Roads	18,829,685	11,141,180	-	-	18,829,685	11,141,180
Sewer lines	-	-	4,301,829	4,448,387	4,301,829	4,448,387
Culverts	2,138,475	2,189,112	-	-	2,138,475	2,189,112
Traffic signals	198,075	240,991	-	-	198,075	240,991
Totals	<u>\$ 41,168,231</u>	<u>\$ 32,549,587</u>	<u>\$ 15,400,871</u>	<u>\$ 12,398,420</u>	<u>\$ 56,569,102</u>	<u>\$ 44,948,007</u>

CITY OF BAY VILLAGE, OHIO

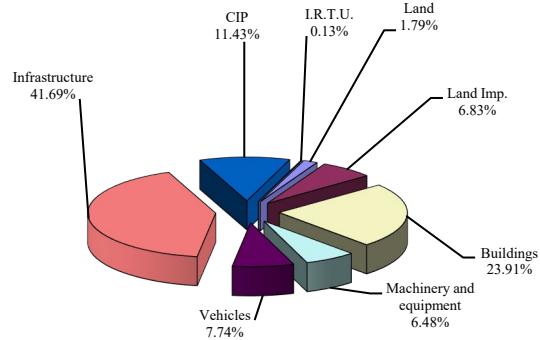
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The following graphs show the breakdown of governmental capital assets by category for 2024 and 2023.

**Capital Assets - Governmental Activities
December 31, 2024**



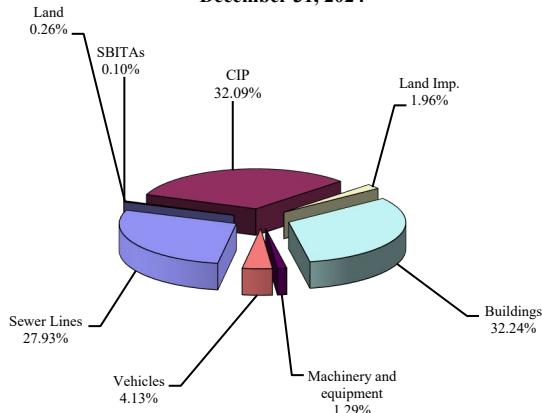
**Capital Assets - Governmental Activities
December 31, 2023**



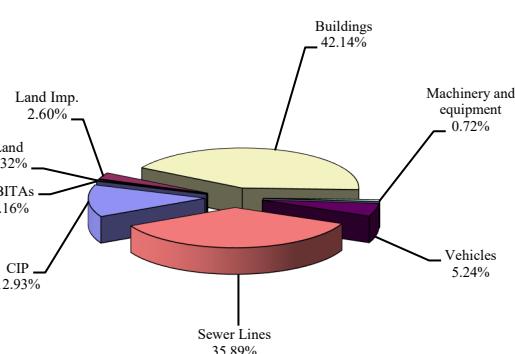
Infrastructure includes roads, culverts and traffic signals. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 51.41% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2024 and 2023.

**Capital Assets - Business-Type Activities
December 31, 2024**



**Capital Assets - Business-Type Activities
December 31, 2023**



The City's largest business-type capital asset category is buildings. The net book value of the City's buildings (cost less accumulated depreciation) represents approximately 32.24% of the City's total business-type capital assets.

Further detail on the City's capital assets can be found in Note 6 to the financial statements.

CITY OF BAY VILLAGE, OHIO

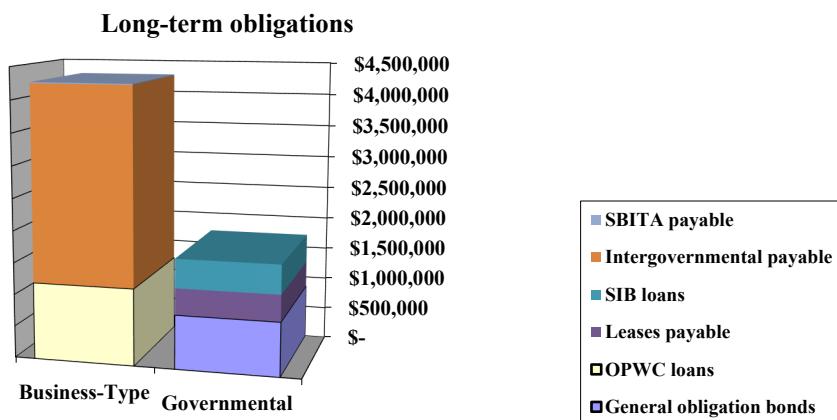
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Debt Administration

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

	<u>Governmental Activities</u>	
	2024	Restated 2023
General obligation bonds	\$ 840,000	\$ 1,065,000
OPWC loan	-	3,653
SIB loan	450,899	543,155
SBITA payable	42,673	38,643
Leases payable	<u>413,332</u>	<u>704</u>
 Total long-term obligations	 <u>\$ 1,746,904</u>	 <u>\$ 1,651,155</u>
 <u>Business-type Activities</u>		
	2024	2023
OPWC loans	\$ 1,203,148	\$ 1,262,090
SBITA payable	14,847	19,322
Intergovernmental payable	<u>3,056,609</u>	<u>-</u>
 Total long-term obligations	 <u>\$ 4,274,604</u>	 <u>\$ 1,281,412</u>

A comparison of the long-term obligations by category is depicted in the chart below.



Further detail on the City's long-term obligations can be found in Note 12 to the financial statements.

Current Financial Related Activities

The mission of the City of Bay Village is to continue our heritage as a desirable lakefront community by preserving and enhancing our quality of life, natural surroundings and residential character, strengthening our business environment, and striving to provide superior services in a fiscally responsible manner.

The City of Bay Village is located on the shoreline of Lake Erie. Apart from lakefront activities, the citizens of Bay Village continue to enjoy a variety of City recreational facilities which includes four parks, an aquatic center and community gym.

CITY OF BAY VILLAGE, OHIO

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

Other highlights:

- Council adopted legislation in 2024 to reallocate a portion of inside millage; 1.89 mills, from the General Bond Retirement Fund to the Capital Improvement Fund. This is effective for tax collections in calendar year 2025. This provides flexibility along with additional revenue to be used for needed capital improvements projects while preserving the ability to pay general obligation debt.
- Construction of the City's \$1.3 million – gallon underground storage tank (i.e., Equalization Tank) is underway and expected to be completed in 2025. The Lake Road/Douglas Drive Sewer Improvement Project is expected to begin in June 2025. These two projects will result in the closure of the final two sanitary sewer overflows resulting in compliance with the Environmental Protection Agency.
- The City has been working with an architectural firm and a construction manager at risk to develop estimated probable costs for the fire station renovation and addition. Estimates are expected to be presented to Council for consideration in late summer or early fall.

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: Jim Milton, City of Bay Village, 350 Dover Center Road, Bay Village, Ohio 44140, telephone 440-871-2200 or e-mail jmilton@cityofbayvillage.com. Other information about the City is available on our website, www.cityofbayvillage.com.

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CITY OF BAY VILLAGE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 32,560,808	\$ 2,174,752	\$ 34,735,560
Receivables:			
Municipal income taxes	3,288,206	-	3,288,206
Property and other taxes	14,007,309	-	14,007,309
Accounts	383,654	608,030	991,684
Accrued interest	227,425	-	227,425
Special assessments	877,456	-	877,456
Intergovernmental	1,575,972	-	1,575,972
Permissive taxes	5,985	-	5,985
Materials and supplies inventory	141,208	4,300	145,508
Prepayments	134,881	1,718	136,599
Internal balance	(84,248)	84,248	-
Net pension asset	66,982	11,443	78,425
Net OPEB asset	226,295	38,659	264,954
Capital assets:			
Non-depreciable/amortizable capital assets	3,662,836	4,982,159	8,644,995
Depreciable/amortizable capital assets, net	37,505,395	10,418,712	47,924,107
Total capital assets, net	<u>41,168,231</u>	<u>15,400,871</u>	<u>56,569,102</u>
Total assets	<u>94,580,164</u>	<u>18,324,021</u>	<u>112,904,185</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	68,460	-	68,460
Pension	6,623,501	372,014	6,995,515
OPEB	812,398	35,663	848,061
Total deferred outflows of resources	<u>7,504,359</u>	<u>407,677</u>	<u>7,912,036</u>
Total assets and deferred outflows of resources .	<u>102,084,523</u>	<u>18,731,698</u>	<u>120,816,221</u>
Liabilities:			
Accounts payable	348,653	15,166	363,819
Contracts payable	232,259	637	232,896
Retainage payable	280	4,217	4,497
Accrued wages and benefits payable	264,214	18,410	282,624
Intergovernmental payable	611,078	3,197	614,275
Payroll withholdings payable	24,195	-	24,195
Accrued interest payable	103,346	695	104,041
Claims payable	72,033	-	72,033
Note payable	1,350,000	-	1,350,000
Unearned revenue	2,324,469	39,075	2,363,544
Long-term liabilities:			
Due within one year	1,496,572	117,908	1,614,480
Due in more than one year:			
Net pension liability	23,042,466	1,156,331	24,198,797
Net OPEB liability	1,229,840	-	1,229,840
Other amounts due in more than one year	3,325,565	4,428,731	7,754,296
Total liabilities	<u>34,424,970</u>	<u>5,784,367</u>	<u>40,209,337</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	13,549,422	-	13,549,422
Pension	911,188	42,924	954,112
OPEB	1,253,106	22,887	1,275,993
Total deferred inflows of resources	<u>15,713,716</u>	<u>65,811</u>	<u>15,779,527</u>
Total liabilities and deferred inflows of resources.	<u>50,138,686</u>	<u>5,850,178</u>	<u>55,988,864</u>
Net position:			
Net investment in capital assets	37,881,172	11,126,267	49,007,439
Restricted for:			
Debt service	19,104	-	19,104
Capital projects	1,424,799	-	1,424,799
Permanent funds:			
Expendable	146,834	-	146,834
Nonexpendable	204,540	-	204,540
Security of persons and property programs	794,680	-	794,680
Public health and welfare programs	97,993	-	97,993
Transportation programs	1,207,054	-	1,207,054
Community environment programs	11,536	-	11,536
Leisure time activity programs	74,867	-	74,867
Pension and OPEB	293,277	50,102	343,379
Other purposes	469,828	-	469,828
Unrestricted	9,320,153	1,705,151	11,025,304
Total net position	<u>\$ 51,945,837</u>	<u>\$ 12,881,520</u>	<u>\$ 64,827,357</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Expenses	Program Revenues			Capital Grants and Contributions
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Current:					
General government	\$ 3,639,947	\$ 915,132	\$ 734,109	\$ -	-
Security of persons and property	9,579,178	151,645	79,057	-	-
Public health and welfare	337,387	18,570	9,956	-	-
Transportation	2,293,466	-	1,053,247	6,216,778	
Community environment	1,025,018	510,980	7,722	-	-
Leisure time activity	1,275,680	191,750	59,916	-	-
Basic utility services	2,478,331	-	-	-	-
Interest	236,848	-	-	-	-
Note issuance costs	11,558	-	-	-	-
Total governmental activities	<u>20,877,413</u>	<u>1,788,077</u>	<u>1,944,007</u>		<u>6,216,778</u>

Business-type activities:

Sewer	3,731,761	3,696,480	-	-
Pool	474,073	347,105	-	-
Storm sewer maintenance	668	237,715	-	-
Total business-type activities	<u>4,206,502</u>	<u>4,281,300</u>		
Total primary government	<u>\$ 25,083,915</u>	<u>\$ 6,069,377</u>	<u>\$ 1,944,007</u>	<u>\$ 6,216,778</u>

General revenues:

Property and other local taxes levied for:

General purposes

Emergency Paramedic

Parks and recreation

Police Pension

Fire Pension

Debt service

General capital improvements

Permissive taxes for street maintenance

Income taxes levied for:

General purposes

Capital projects

Grants and entitlements not restricted

to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and
transfers

Change in net position

Net position at beginning of year, as previously reported

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
\$	(1,990,706)	\$	-	\$ (1,990,706)
	(9,348,476)		-	(9,348,476)
	(308,861)		-	(308,861)
	4,976,559		-	4,976,559
	(506,316)		-	(506,316)
	(1,024,014)		-	(1,024,014)
	(2,478,331)		-	(2,478,331)
	(236,848)		-	(236,848)
	(11,558)		-	(11,558)
	<u>(10,928,551)</u>			<u>(10,928,551)</u>
	-	(35,281)		(35,281)
	-	(126,968)		(126,968)
	<u>-</u>	<u>237,047</u>		<u>237,047</u>
	<u>-</u>	<u>74,798</u>		<u>74,798</u>
	<u>(10,928,551)</u>	<u>74,798</u>		<u>(10,853,753)</u>
	4,419,384		-	4,419,384
	1,443,011		-	1,443,011
	320,211		-	320,211
	441,949		-	441,949
	441,949		-	441,949
	2,433,127		-	2,433,127
	60,488		-	60,488
	74,440		-	74,440
	9,964,780		-	9,964,780
	668,537		-	668,537
	1,982,697		-	1,982,697
	1,567,294		-	1,567,294
	<u>450,642</u>	<u>2,920</u>		<u>453,562</u>
	<u>24,268,509</u>	<u>2,920</u>		<u>24,271,429</u>
	<u>(175,000)</u>	<u>175,000</u>		<u>-</u>
	<u>24,093,509</u>	<u>177,920</u>		<u>24,271,429</u>
	13,164,958		252,718	13,417,676
	39,841,005		12,752,361	52,593,366
	(1,060,126)		(123,559)	(1,183,685)
	<u>38,780,879</u>	<u>12,628,802</u>		<u>51,409,681</u>
	<u>\$ 51,945,837</u>	<u>\$ 12,881,520</u>		<u>\$ 64,827,357</u>

CITY OF BAY VILLAGE, OHIO

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

	General Obligation Bond Retirement	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
	General	General Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 8,675,420	\$ 4,527,789	\$ 5,420,769	\$ 31,127,819
Receivables:				
Municipal income taxes	3,090,914	-	197,292	3,288,206
Property and other taxes	6,467,803	1,880,176	1,776,766	14,007,309
Accounts	309,885	-	-	383,654
Accrued interest	227,425	-	-	227,425
Special assessments	500,823	-	-	877,456
Intergovernmental	641,352	97,105	146,834	1,575,972
Loans	400,000	-	-	400,000
Permissive taxes	-	-	-	5,985
Materials and supplies inventory	19,192	-	-	141,208
Prepayments	124,479	-	2,290	8,112
Total assets	<u>\$ 20,457,293</u>	<u>\$ 6,505,070</u>	<u>\$ 7,543,951</u>	<u>\$ 17,663,601</u>
	<u><u>\$ 20,457,293</u></u>	<u><u>\$ 6,505,070</u></u>	<u><u>\$ 7,543,951</u></u>	<u><u>\$ 52,169,915</u></u>
Liabilities:				
Accounts payable	\$ 262,479	\$ -	\$ 40,287	\$ 347,848
Contracts payable	-	-	70,674	161,585
Retainage payable	-	-	280	280
Accrued wages and benefits payable	203,068	-	-	61,146
Intergovernmental payable	592,070	-	-	19,008
Payroll withholdings payable	24,195	-	-	24,195
Loans payable	-	-	-	400,000
Unearned revenue	2,941	-	-	2,321,528
Note payable	-	-	1,350,000	1,350,000
Total liabilities	<u>1,084,753</u>	<u>-</u>	<u>1,461,241</u>	<u>3,008,349</u>
	<u><u>1,084,753</u></u>	<u><u>-</u></u>	<u><u>1,461,241</u></u>	<u><u>3,008,349</u></u>
	<u><u>1,084,753</u></u>	<u><u>-</u></u>	<u><u>1,461,241</u></u>	<u><u>3,008,349</u></u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	6,264,262	1,816,681	1,716,278	3,752,201
Delinquent property tax revenue not available	125,541	36,495	34,488	75,363
Accrued interest not available	141,209	-	-	141,209
Special assessments revenue not available	-	-	-	280,259
Miscellaneous revenue not available	136,931	-	-	54,953
Income tax revenue not available	1,499,155	-	95,691	-
Intergovernmental revenue not available	482,504	97,105	110,984	524,410
Total deferred inflows of resources	<u>8,649,602</u>	<u>1,950,281</u>	<u>1,957,441</u>	<u>4,687,186</u>
	<u><u>8,649,602</u></u>	<u><u>1,950,281</u></u>	<u><u>1,957,441</u></u>	<u><u>4,687,186</u></u>
	<u><u>8,649,602</u></u>	<u><u>1,950,281</u></u>	<u><u>1,957,441</u></u>	<u><u>4,687,186</u></u>
Fund balances:				
Nonspendable	554,713	-	2,290	334,668
Restricted	-	-	-	4,443,247
Committed	-	4,554,789	4,122,979	5,406,570
Assigned	1,657,151	-	-	1,657,151
Unassigned (deficit)	8,511,074	-	-	(216,419)
Total fund balances	<u>10,722,938</u>	<u>4,554,789</u>	<u>4,125,269</u>	<u>9,968,066</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 20,457,293</u></u>	<u><u>\$ 6,505,070</u></u>	<u><u>\$ 7,543,951</u></u>	<u><u>\$ 17,663,601</u></u>
	<u><u>\$ 20,457,293</u></u>	<u><u>\$ 6,505,070</u></u>	<u><u>\$ 7,543,951</u></u>	<u><u>\$ 17,663,601</u></u>
	<u><u>\$ 20,457,293</u></u>	<u><u>\$ 6,505,070</u></u>	<u><u>\$ 7,543,951</u></u>	<u><u>\$ 17,663,601</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

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

Total governmental fund balances	\$ 29,371,062
<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.	41,168,231
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Municipal income taxes receivable	\$ 1,594,846
Property and other taxes receivable	271,887
Accounts receivable	191,884
Accrued interest receivable	141,209
Special assessments receivable	280,259
Intergovernmental receivable	<u>1,215,003</u>
Total	3,695,088
Two internal service funds are 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. The net position of the internal services fund, including internal balance of (\$84,248) are:	1,275,903
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(103,346)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.	68,460
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(3,029,785)
SIB loan	(450,899)
Leases payable	(413,332)
SBITAs payable	(42,673)
General obligation bonds payable	(840,000)
Bond premiums	<u>(45,448)</u>
Total	(4,822,137)
The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds:	
Deferred outflows of resources - pension	6,623,501
Deferred inflows of resources - pension	(911,188)
Net pension asset	66,982
Net pension liability	<u>(23,042,466)</u>
Total	(17,263,171)
The net OPEB liability/asset is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Deferred outflows of resources	812,398
Deferred inflows of resources	(1,253,106)
Net OPEB asset	226,295
Net OPEB liability	<u>(1,229,840)</u>
Total	(1,444,253)
Net position of governmental activities	<u>\$ 51,945,837</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

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

	General Obligation Bond Retirement	General Capital Improvement	<i>(formerly major)</i> American Rescue Plan	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal income taxes	\$ 10,112,792	\$ -	\$ 676,756	\$ -	\$ 10,789,548
Property and other taxes	4,429,783	2,473,494	26,000	2,653,361	9,582,638
Charges for services	733,051	-	-	207,265	940,316
Fines, licenses and permits	573,064	-	-	66,675	639,739
Intergovernmental	1,210,917	373,480	6,153,216	2,025,859	9,763,472
Special assessments	-	-	-	345,002	345,002
Investment income	1,277,355	221,343	-	44,963	1,543,661
Rental income	23,030	-	-	3,055	26,085
Contributions and donations	14,982	-	-	73,538	88,520
Permissive taxes	-	-	-	74,440	74,440
Other	433,833	1,827	112,386	240,295	788,341
Total revenues	18,808,807	3,070,144	6,968,358	5,734,453	34,581,762
Expenditures:					
Current:					
General government	3,375,129	-	-	441,270	3,816,399
Security of persons and property	6,565,769	-	-	2,939,773	9,505,542
Public health and welfare	312,019	-	-	13,045	325,064
Transportation	241,597	-	-	1,096,614	1,338,211
Community environment	941,097	-	-	228,805	1,169,902
Leisure time activity	68,760	-	-	1,213,613	1,282,373
Basic utility services	2,472,360	-	-	-	2,472,360
Capital outlay	26,355	-	8,431,514	63,276	8,521,145
Debt service:					
Principal retirement	18,410	320,909	46,060	4,476	389,855
Interest	95	211,499	68,262	432	280,288
Note issuance costs	-	11,558	-	-	11,558
Total expenditures	14,021,591	543,966	8,545,836	6,001,304	29,112,697
Excess (deficiency) of revenues over (under) expenditures	4,787,216	2,526,178	(1,577,478)	(266,851)	5,469,065
Other financing sources (uses):					
Lease transaction	-	-	459,249	-	459,249
Transfers in	-	-	6,304,772	940,521	7,245,293
Transfers (out)	(2,155,293)	(5,265,000)	-	-	(7,420,293)
Premium on note issuance	-	10,044	-	-	10,044
SBITA transaction	26,355	-	-	-	26,355
Total other financing sources (uses)	(2,128,938)	(5,254,956)	6,764,021	940,521	320,648
Net change in fund balances	2,658,278	(2,728,778)	5,186,543	673,670	5,789,713
Fund balances (deficit) at beginning of year previously reported	8,064,660	7,283,567	(1,061,274)	-	9,294,396
Adjustment - change from major to nonmajor	-	-	-	-	-
Fund balances (deficit) at beginning of year, adjusted	8,064,660	7,283,567	(1,061,274)	9,294,396	23,581,349
Fund balances at end of year	\$ 10,722,938	\$ 4,554,789	\$ 4,125,269	\$ 9,968,066	\$ 29,371,062

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, 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 \$ 5,789,713

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital asset additions	\$	10,811,198
Current year depreciation/amortization		<u>(2,299,506)</u>
Total		8,511,692

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to change net position.

106,952

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

Municipal income taxes	(156,231)
Property and other taxes	(22,519)
Charges for services	30,611
Intergovernmental	(95,700)
Special assessments	(154,600)
Investment income	34,048
Total	(364,391)

Proceeds of various long-term obligations are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.

(485,604)

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

389,855

--Continued

CITY OF BAY VILLAGE, OHIO

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

In the statement of activities, interest is accrued on outstanding bonds and City owned debt, whereas in governmental funds, an interest expenditure is reported when due.

Accrued interest payable	\$ 38,784
Amortization of deferred amounts on refunding	(17,481)
Amortization of bond premiums	<u>12,093</u>
Total	\$ 33,396

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

Pension	1,732,883
OPEB	31,486

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

Pension	(2,166,160)
OPEB	7,475

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.

(390,218)

Two internal service funds 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 are allocated among the governmental activities.

(32,121)

Change in net position of governmental activities \$ 13,164,958

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024**

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds		
	Nonmajor Enterprise Fund				Total	Internal Service Funds	
	Sewer	Pool					
Assets:							
Current assets:							
Equity in pooled cash and investments	\$ 1,611,615	\$ 246,832	\$ 316,305	\$ 2,174,752	\$ 1,432,989		
Receivables:							
Accounts	565,414	197	42,419	608,030	-		
Materials and supplies inventory	4,300	-	-	4,300	-		
Prepayments	1,718	-	-	1,718	-		
Total current assets	<u>2,183,047</u>	<u>247,029</u>	<u>358,724</u>	<u>2,788,800</u>	<u>1,432,989</u>		
Noncurrent assets:							
Net pension asset	8,092	3,351	-	11,443	-		
Net OPEB asset	27,339	11,320	-	38,659	-		
Capital assets:							
Non-depreciable capital assets	4,982,159	-	-	4,982,159	-		
Depreciable capital assets, net	9,403,758	1,014,954	-	10,418,712	-		
Total capital assets, net	<u>14,385,917</u>	<u>1,014,954</u>	-	<u>15,400,871</u>	-		
Total noncurrent assets	<u>14,421,348</u>	<u>1,029,625</u>	-	<u>15,450,973</u>	-		
Total assets	<u>16,604,395</u>	<u>1,276,654</u>	<u>358,724</u>	<u>18,239,773</u>	<u>1,432,989</u>		
Deferred outflows of resources:							
Pension	258,600	113,414	-	372,014	-		
OPEB	25,654	10,009	-	35,663	-		
Total deferred outflows of resources	<u>284,254</u>	<u>123,423</u>	-	<u>407,677</u>	-		
Liabilities:							
Current liabilities:							
Accounts payable	8,025	7,141	-	15,166	805		
Contracts payable	637	-	-	637	-		
Retainage payable	4,217	-	-	4,217	-		
Accrued wages and benefits payable	18,380	30	-	18,410	-		
Claims payable	-	-	-	-	72,033		
Intergovernmental payable	3,193	4	-	3,197	-		
Accrued interest payable	695	-	-	695	-		
Compensated absences payable	54,262	-	-	54,262	-		
Unearned revenue	36,554	-	2,521	39,075	-		
OPWC loans payable	58,942	-	-	58,942	-		
SBITAs payable	4,704	-	-	4,704	-		
Total current liabilities	<u>189,609</u>	<u>7,175</u>	<u>2,521</u>	<u>199,305</u>	<u>72,838</u>		
Long-term liabilities:							
Compensated absences payable	217,773	-	-	217,773	-		
OPWC loans payable	1,144,206	-	-	1,144,206	-		
SBITAs payable	10,143	-	-	10,143	-		
Intergovernmental payable - RR WWTP	3,056,609	-	-	3,056,609	-		
Net pension liability	817,730	338,601	-	1,156,331	-		
Total long-term liabilities	<u>5,246,461</u>	<u>338,601</u>	-	<u>5,585,062</u>	-		
Total liabilities	<u>5,436,070</u>	<u>345,776</u>	<u>2,521</u>	<u>5,784,367</u>	<u>72,838</u>		
Deferred inflows of resources:							
Pension	38,173	4,751	-	42,924	-		
OPEB	15,868	7,019	-	22,887	-		
Total deferred inflows of resources	<u>54,041</u>	<u>11,770</u>	-	<u>65,811</u>	-		
Net position:							
Net investment in capital assets	10,111,313	1,014,954	-	11,126,267	-		
Restricted for pension and OPEB	35,431	14,671	-	50,102	-		
Unrestricted (deficit)	1,251,794	12,906	356,203	1,620,903	1,360,151		
Total net position	<u>\$ 11,398,538</u>	<u>\$ 1,042,531</u>	<u>\$ 356,203</u>	<u>12,797,272</u>	<u>\$ 1,360,151</u>		
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				84,248			
Net position of business-type activities	<u>\$ 12,881,520</u>						

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, 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 Funds	
	Nonmajor Enterprise Fund			Total		
	Sewer	Pool	Enterprise Fund			
Operating revenues:						
Charges for services	\$ 3,696,480	\$ 347,105	\$ 237,715	\$ 4,281,300	\$ 1,653,599	
Other	183	2,737	-	2,920	31,869	
Total operating revenues	<u>3,696,663</u>	<u>349,842</u>	<u>237,715</u>	<u>4,284,220</u>	<u>1,685,468</u>	
Operating expenses:						
Personal services	569,332	229,451	-	798,783	-	
Benefits	175,038	44,212	668	219,918	-	
Contract services	2,107,809	73,419	-	2,181,228	26,024	
Materials and supplies	327,839	77,293	-	405,132	59	
Depreciation/amortization	542,616	49,962	-	592,578	-	
Claims expense	-	-	-	-	1,694,154	
Total operating expenses	<u>3,722,634</u>	<u>474,337</u>	<u>668</u>	<u>4,197,639</u>	<u>1,720,237</u>	
Operating income (loss)	<u>(25,971)</u>	<u>(124,495)</u>	<u>237,047</u>	<u>86,581</u>	<u>(34,769)</u>	
Nonoperating revenues (expenses):						
Interest expense	(570)	-	-	(570)	-	
Loss on disposal of capital assets	(5,645)	-	-	(5,645)	-	
Total nonoperating revenues (expenses)	<u>(6,215)</u>	<u>-</u>	<u>-</u>	<u>(6,215)</u>	<u>-</u>	
Income (loss) before transfers	<u>(32,186)</u>	<u>(124,495)</u>	<u>237,047</u>	<u>80,366</u>	<u>(34,769)</u>	
Transfer in	<u>-</u>	<u>175,000</u>	<u>-</u>	<u>175,000</u>	<u>-</u>	
Change in net position	<u>(32,186)</u>	<u>50,505</u>	<u>237,047</u>	<u>255,366</u>	<u>(34,769)</u>	
Net position at beginning of year, as previously reported	<u>11,554,283</u>	<u>992,026</u>	<u>119,156</u>	<u>12,665,465</u>	<u>1,394,920</u>	
Change in accounting principle	(123,559)	-	-	(123,559)	-	
Net position at beginning of year (restated)	<u>11,430,724</u>	<u>992,026</u>	<u>119,156</u>		<u>1,394,920</u>	
Net position at end of year	<u><u>\$ 11,398,538</u></u>	<u><u>\$ 1,042,531</u></u>	<u><u>\$ 356,203</u></u>		<u><u>\$ 1,360,151</u></u>	
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				(2,648)		
Change in net position of business-type activities.				<u><u>\$ 252,718</u></u>		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds	
	Nonmajor Enterprise Fund			Total		
	Sewer	Pool	Total			
Cash flows from operating activities:						
Cash received from charges for services	\$ 3,596,755	\$ 347,422	\$ 210,188	\$ 4,154,365	\$ 1,653,599	
Cash received from other operations	183	2,540	-	2,723	34,448	
Cash payments for personal services	(565,605)	(229,737)	-	(795,342)	-	
Cash payments for employee services and benefits	(194,610)	(39,004)	(668)	(234,282)	-	
Cash payments for contractual services	(2,102,891)	(67,355)	-	(2,170,246)	(26,696)	
Cash payments for materials and supplies	(327,329)	(77,293)	-	(404,622)	(59)	
Cash payments for claims	-	-	-	-	(1,727,479)	
Net cash provided by (used in) operating activities	406,503	(63,427)	209,520	552,596	(66,187)	
Cash flows from noncapital financing activities:						
Cash received from transfers in	-	175,000	-	175,000	-	
Net cash provided by noncapital financing activities	-	175,000	-	175,000	-	
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(160,814)	(108,722)	-	(269,536)	-	
Principal retirement on long-term obligations	(337,946)	-	-	(337,946)	-	
Interest and fiscal charges	(779)	-	-	(779)	-	
Net cash used in capital and related financing activities	(499,539)	(108,722)	-	(608,261)	-	
Net change in cash and investments	(93,036)	2,851	209,520	119,335	(66,187)	
Cash and investments at beginning of year	1,704,651	243,981	106,785	2,055,417	1,499,176	
Cash and investments at end of year	\$ 1,611,615	\$ 246,832	\$ 316,305	\$ 2,174,752	\$ 1,432,989	

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CITY OF BAY VILLAGE, 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
			Nonmajor Enterprise Funds	Total	
	Sewer	Pool			
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (25,971)	\$ (124,495)	\$ 237,047	\$ 86,581	\$ (34,769)
Adjustments:					
Depreciation/amortization	542,616	49,962	-	592,578	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
Materials and supplies inventory	510	-	-	510	-
Accounts receivable	(112,649)	120	(28,418)	(140,947)	-
Intergovernmental receivable	-	-	-	-	2,579
Net pension asset	(2,042)	(1,173)	-	(3,215)	-
Net OPEB asset	(27,339)	(11,320)	-	(38,659)	-
Prepayments	(82)	-	-	(82)	-
Deferred outflows - pension	160,076	44,617	-	204,693	-
Deferred outflows - OPEB	36,793	12,471	-	49,264	-
Accounts payable	(8,017)	6,080	-	(1,937)	(672)
Contracts payable	(10,847)	-	-	(10,847)	-
Accrued wages and benefits	5,810	(247)	-	5,563	-
Intergovernmental payable	1,210	(55)	-	1,155	-
Retainage payable	4,217	-	-	4,217	-
Unearned revenue	12,924	-	891	13,815	-
Compensated absences payable	59,032	-	-	59,032	-
Vacation benefits payable	(42,678)	-	-	(42,678)	-
Claims payable	-	-	-	-	(33,325)
Net pension liability	(197,531)	(26,875)	-	(224,406)	-
Net OPEB liability	(20,861)	(7,510)	-	(28,371)	-
Deferred inflows - pension	23,461	(9,260)	-	14,201	-
Deferred inflows - OPEB	7,871	4,258	-	12,129	-
Net cash provided by (used in) operating activities	<u>\$ 406,503</u>	<u>\$ (63,427)</u>	<u>\$ 209,520</u>	<u>\$ 552,596</u>	<u>\$ (66,187)</u>

Non-cash transactions:

During 2024, the sewer fund realized capital assets and a long-term intergovernmental payable in the amount of \$3,331,138 related to the Rocky River Wastewater Treatment Plant (RR WWTP).

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BAY VILLAGE, OHIO

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

NOTE 1 - DESCRIPTION OF CITY AND REPORTING ENTITY

The City of Bay Village (the “City”) was incorporated in 1908, and adopted its first charter in April, 1949. The Charter provides for a Mayor-Council form of government. The Mayor is elected for a four-year term. Four Ward Council members are elected to 2-year terms; two At-Large Council members and the Council President are elected to 4-year terms. The Director of Law and the Director of Finance are appointed by the Mayor.

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”. A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police and fire protection, a street maintenance force, sanitation services, planning and zoning departments, parks and recreation system, a sewage system and a general administrative staff to provide support for the service groups. The operations of these departments do not have separate legal standing and are, therefore, included as part of the primary government.

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

The City is associated with the West Shore Council of Governments and Safe Air for Environment (S.A.F.E.) Council of Governments. These are jointly governed organizations and are presented in Note 14.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City are presented as of December 31, 2024, and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the “GASB”) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

CITY OF BAY VILLAGE, OHIO

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

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

The more significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements 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 are eliminated to avoid "doubling up" revenues and expenses. 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 governmental function or business activity is self-financing or draws 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. Fiduciary funds are reported by type.

B. 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. The City reports two categories of funds: governmental and proprietary.

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 plus deferred outflows of resources less liabilities plus deferred inflows of resources is reported as fund balance.

The following are the City's major governmental funds:

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.

CITY OF BAY VILLAGE, OHIO

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

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

General obligation bond retirement fund - This fund is used to account for the accumulation of resources committed to pay debt principal, interest and related costs for general debt.

General capital improvement fund - This fund is used to account for resources committed to pay for general capital outlay.

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 debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Sewer fund - This fund is used to account for revenues generated from charges for sanitary sewer services provided to the residential and commercial users of the City.

Swimming pool fund - This fund is used to account for revenues generated from charges for pool passes, pool programs and concession sales.

The nonmajor enterprise fund accounts for storm sewer maintenance.

Internal Service Funds - 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 funds report on a self-insurance program for employee medical benefits and workers' compensation.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are presented using the economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

CITY OF BAY VILLAGE, 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, and 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 (e.g., revenues and other financing sources) and uses (e.g., 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

The proprietary fund distinguishes operating revenues and expenses from non-operating 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 proprietary funds includes personnel and other expenses related to sewer and pool operations. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and 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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current 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 5.B.). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5.A.). Revenue from grants, entitlements and donations are 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 the 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 and motor vehicle license fees), fines, licenses and permits, interest, grants, fees and rentals.

CITY OF BAY VILLAGE, OHIO

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

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

Unearned Revenues - The City defers revenue recognition in connection with resources that have been received, but not earned. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned revenue. Unearned revenue consists primarily of deposits held for various programs and grants.

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 8 and 9 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

See Notes 8 and 9 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

E. Cash and Investments

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

During the year, the City's investments were limited to negotiable certificates of deposit, U.S. Treasury Notes, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, municipal bonds (Columbus, Ohio; Cleveland, Ohio; and Green, Ohio), a U.S. government money market and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit are reported at cost.

CITY OF BAY VILLAGE, OHIO

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

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

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2024 amounted to \$1,277,355, which includes \$1,025,881 assigned from other City funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

F. Inventories of Materials and Supplies

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

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

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

G. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2024 are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

H. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

CITY OF BAY VILLAGE, OHIO

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and by using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized. 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 capital assets are depreciated/amortized except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land improvements	10 - 20 years
Buildings	20 - 50 years
Machinery and equipment	5 - 20 years
Software	10 years
Vehicles	3 - 12 years
Infrastructure	20 - 50 years

The City is reporting intangible right-to-use assets related to equipment and subscription based information technology arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/SBITA term or the useful life of the underlying asset.

The City's infrastructure consists of roads, culverts, traffic signals, and sewer lines that were acquired or constructed after December 31, 1980.

I. Interfund Balances

On the 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 long-term interfund loans are "loans receivable/loans payable". In the general fund, long-term interfund loans which do not represent available expendable resources are offset by a nonspendable fund balance. Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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, four types of leave qualify for liability recognition for compensated absences - vacation, sick leave, comp time and personal time off. 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.

CITY OF BAY VILLAGE, OHIO

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

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

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.

Personal Time Off

The City's policy permits part time employees to accumulate earned but unused personal 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 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, net pension liability 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. Bonds and loans are recognized as a liability on the governmental fund financial statements when due. 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. 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.

CITY OF BAY VILLAGE, OHIO

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

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

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

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.

M. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. No amounts were restricted by enabling legislation. Net position restricted for other purposes primarily include the resources restricted for community house renovation, Mary McGuire Eitzen Endowment, and tennis court maintenance.

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

N. 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, from grants or outside contributions of resources restricted to capital acquisition and construction, or from other funds within the City.

O. Bond Issuance Costs

Bond issuance costs are expensed when they occur.

P. Bond Premium

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bond using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.

CITY OF BAY VILLAGE, OHIO

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

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

Q. Unamortized Amount on Refunding

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources (loss) or deferred inflow of resources (gain).

R. Interfund Activity

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

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

S. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. 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 tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department and fund for all funds. Budgetary modifications may only be made by ordinance of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the final amended certificate of estimated resources in effect when final appropriations were passed by Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

T. Estimates

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. The City did not have either for 2024.

CITY OF BAY VILLAGE, OHIO

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

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

V. Pensions/Other Postemployment Benefits (OPEB)

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

W. Fair Value Measurements

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

X. Interest in Rocky River Wastewater Treatment Plant

An agreement among the Ohio cities of Bay Village, Fairview Park, Westlake and Rocky River (WWTP Member Cities) provides that legal title to the Rocky River Wastewater Treatment Plant is held jointly by the WWTP Member Cities as measured by a proportional allocation. See Note 13 for additional information on the Plant.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

CITY OF BAY VILLAGE, OHIO

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Private property mainetnance	\$ 216,419

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. Change within the Financial Reporting Entity

For 2024, the City's American Rescue Plan fund presentation was adjusted from major to nonmajor due to no longer meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

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

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 39,841,005	\$ (1,060,126)	\$ 38,780,879
Business-Type Activities	12,752,361	(123,559)	12,628,802
Total Net Position	\$ 52,593,366	\$ (1,183,685)	\$ 51,409,681
 Proprietary Funds			
Major Funds:			
Sewer	\$ 11,554,283	\$ (123,559)	\$ 11,430,724
Pool	992,026	-	992,026
Nonmajor Enterprise Fund	119,156	-	119,156
Total Proprietary Funds	\$ 12,665,465	\$ (123,559)	\$ 12,541,906

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 City treasury. Active monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

CITY OF BAY VILLAGE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Inactive deposits are public deposits that the City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either 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 of 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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 BAY VILLAGE, 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 Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2024, the carrying amount of all City deposits was \$448,143 and the bank balance of all City deposits was \$462,572. Of the bank balance, \$323,410 was covered by the FDIC and the remaining was either covered by the Ohio Pooled Collateral System or exposed to custodial credit risk as described below.

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 were approved for a reduced collateral rate of 50 percent through the 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.

B. Investments

Investments are reported at fair value. As of December 31, 2024, the City had the following investments:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities					
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>	
<i>Fair Value:</i>							
FFCB	\$ 3,141,311	\$ 1,291,907	\$ 48,004	\$ 249,013	\$ -	\$ 1,552,387	
FHLB	8,104,500	1,294,312	240,286	2,523,095	818,078	3,228,729	
FHLMC	3,446,100	1,721,075	384,484	-	-	1,340,541	
FNMA	2,104,006	860,491	1,243,515	-	-		
Municipal bonds	3,331,206	501,580	811,297	-	249,532	1,768,797	
Negotiable CDs	1,042,343	248,108	-	335,527	458,708		
U.S. Treasury Note	6,828,189	-	492,365	487,910	2,450,723	3,397,191	
US Government money market	67,632	67,632	-	-	-	-	
<i>Amortized Cost:</i>							
STAR Ohio	6,222,130	6,222,130	-	-	-	-	
Total	\$ 34,287,417	\$ 12,207,235	\$ 3,219,951	\$ 3,595,545	\$ 3,977,041	\$ 11,287,645	

CITY OF BAY VILLAGE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The weighted average maturity of investments is 1.48 years.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

Credit Risk: Standard & Poor's has assigned the U.S. government money market an AAA money market rating. The City's investments in federal agency securities and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The City's investments in Cleveland, Ohio BANs were rated A2 by Moody's and A by Standard and Poor's. The City's investment in Columbus, Ohio Housing Authority Revenue Bonds were rated A+ by Standard and Poor's. The City's investment in Green, Ohio Community Learning Center bonds were rated AAA by Standard and Poor's. STAR Ohio carries a rating of AAA by Standard & Poor's. The City's investments in negotiable certificates of deposits are not rated. The City's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk - The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2024:

Measurement/ Investment type	Measurement	
	Value	% to Total
<i>Fair value:</i>		
FFCB	\$ 3,141,311	9.16
FHLB	8,104,500	23.64
FHLMC	3,446,100	10.05
FNMA	2,104,006	6.14
Municipal bonds	3,331,206	9.72
Negotiable CDs	1,042,343	3.04
U.S. Treasury Note	6,828,189	19.91
US Government money market	67,632	0.20
<i>Amortized Cost:</i>		
STAR Ohio	6,222,130	18.15
Total	\$ 34,287,417	100.00

CITY OF BAY VILLAGE, OHIO

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. 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:

Cash and investments per note

Carrying amount of deposits	\$ 448,143
Investments	<u>34,287,417</u>
Total	<u>\$ 34,735,560</u>

Cash and investments per statement of net position

Governmental activities	\$ 32,560,808
Business-type activities	<u>2,174,752</u>
Total	<u>\$ 34,735,560</u>

NOTE 5 - RECEIVABLES

Receivables at December 31, 2024, consisted primarily of municipal income taxes, property and other taxes, special assessments, intergovernmental receivables arising from entitlements and shared revenues, accrued interest on investments and accounts (billings for user charged services and court fines). 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 \$41,805 will not be received within one year.

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

CITY OF BAY VILLAGE, OHIO

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

NOTE 5 - RECEIVABLES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2024 was \$14.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2024 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 723,381,640
Commercial/industrial/mineral	13,416,660
Public utility	<u>14,603,950</u>
 Total assessed value	 <u>\$ 751,402,250</u>

B. Income Tax

The City levies a municipal income tax of one and one half percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent up to one percent of earnings for income tax paid to another municipality which reduces the effective tax rate to one half percent for such earnings.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. By City ordinance, 94% of the annual income tax proceeds were credited to the general fund and 6% to the general capital improvement fund, a major governmental fund, for 2024.

The Regional Income Tax Agency administers and collects income taxes for the City. Amounts collected are remitted to the City twice a month.

C. Intergovernmental Receivables

A summary of the governmental activities intergovernmental receivables follows:

	<u>Amount</u>
Local government	\$ 238,463
Gasoline tax	394,706
Gasoline excise tax	2,993
Motor vehicle tax	37,953
Homestead and rollback	715,271
Other	<u>186,586</u>
 Total	 <u>\$ 1,575,972</u>

CITY OF BAY VILLAGE, OHIO

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

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities

Governmental activities capital asset activity for the year ended December 31, 2024 were as follows.

Governmental activities:	<u>Balance</u> <u>12/31/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2024</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 581,367	\$ -	\$ -	\$ 581,367
Construction in progress	3,720,935	6,877,810	(7,517,276)	3,081,469
<i>Total capital assets, not being depreciated/amortized</i>	<u>4,302,302</u>	<u>6,877,810</u>	<u>(7,517,276)</u>	<u>3,662,836</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	4,226,967	2,171,954	-	6,398,921
Buildings	13,645,964	323,939	-	13,969,903
Machinery and equipment	4,669,770	145,955	(37,175)	4,778,550
Software	47,838	-	-	47,838
Vehicles	7,136,738	-	(442,496)	6,694,242
Intangible right to use assets:				
Leased equipment	1,786	114,431	-	116,217
Vehicles	-	344,818	-	344,818
SBITAs	49,571	39,623	-	89,194
Infrastructure:				
Roads	27,300,573	8,309,944	-	35,610,517
Culverts	2,475,009	-	-	2,475,009
Traffic signals	1,091,125	-	-	1,091,125
<i>Total capital assets, being depreciated/amortized</i>	<u>60,645,341</u>	<u>11,450,664</u>	<u>(479,671)</u>	<u>71,616,334</u>
Less accumulated depreciation/amortization:				
Land improvements	(2,003,265)	(583,296)	-	(2,586,561)
Buildings	(5,862,890)	(286,146)	-	(6,149,036)
Machinery and equipment	(2,562,033)	(248,609)	16,953	(2,793,689)
Software	(47,838)	-	-	(47,838)
Vehicles	(4,616,709)	(408,580)	569,670	(4,455,619)
Intangible right to use assets:				
Leased equipment	(809)	(17,229)	-	(18,038)
Vehicles	-	(23,197)	-	(23,197)
SBITAs	(9,088)	(17,457)	-	(26,545)
Infrastructure:				
Roads	(16,159,393)	(621,439)	-	(16,780,832)
Culverts	(285,897)	(50,637)	-	(336,534)
Traffic signals	(850,134)	(42,916)	-	(893,050)
<i>Total accumulated depreciation/amortization</i>	<u>(32,398,056)</u>	<u>(2,299,506)</u>	<u>586,623</u>	<u>(34,110,939)</u>
<i>Total capital assets being depreciated/amortized, net</i>	<u>28,247,285</u>	<u>9,151,158</u>	<u>106,952</u>	<u>37,505,395</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 32,549,587</u>	<u>\$ 16,028,968</u>	<u>\$ (7,410,324)</u>	<u>\$ 41,168,231</u>

CITY OF BAY VILLAGE, OHIO

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

NOTE 6 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 483,592
Security of persons and property	491,884
Public health and welfare	46,968
Transportation	1,105,664
Basic utility service	32,785
Leisure time activities	133,252
Community environment	5,361
Total depreciation/amortization expense	<u><u>\$ 2,299,506</u></u>

B. Business-Type Activities

Business-type activities capital asset activity for the year ended December 31, 2024 were as follows.

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Business-type activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress - WWTP	<u>1,603,574</u>	<u>3,348,542</u>	<u>(9,957)</u>	<u>4,942,159</u>
<i>Total capital assets, not being depreciated/amortized</i>	<u>1,643,574</u>	<u>3,348,542</u>	<u>(9,957)</u>	<u>4,982,159</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	1,095,883	-	-	1,095,883
Buildings	2,317,243	49,038	-	2,366,281
Machinery and equipment	966,410	108,722	-	1,075,132
Vehicles	1,536,338	10,892	-	1,547,230
Buildings - WWTP	12,767,704	45,163	(9,408)	12,803,459
Machinery and equipment - WWTP	303,216	31,085	(13,062)	321,239
Vehicles - WWTP	20,639	8,337	-	28,976
Intangible right-to-use: SBITA	24,785	-	-	24,785
Infrastructure:				
Sewer lines	<u>10,464,207</u>	<u>8,852</u>	<u>-</u>	<u>10,473,059</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>29,496,425</u>	<u>262,089</u>	<u>(22,470)</u>	<u>29,736,044</u>
Less accumulated depreciation/amortization:				
Land improvements	(773,462)	(20,284)	-	(793,746)
Buildings	(1,035,084)	(43,620)	-	(1,078,704)
Machinery and equipment	(914,017)	(14,365)	-	(928,382)
Vehicles	(892,601)	(30,506)	-	(923,107)
Buildings - WWTP	(8,824,713)	(305,218)	3,763	(9,126,168)
Machinery and equipment - WWTP	(266,947)	(16,065)	13,062	(269,950)
Vehicles - WWTP	(14,391)	(2,153)	-	(16,544)
Intangible right-to-use: SBITA	(4,544)	(4,957)	-	(9,501)
Infrastructure:				
Sewer lines	<u>(6,015,820)</u>	<u>(155,410)</u>	<u>-</u>	<u>(6,171,230)</u>
<i>Total accumulated depreciation</i>	<u>(18,741,579)</u>	<u>(592,578)</u>	<u>16,825</u>	<u>(19,317,332)</u>
Total capital assets, being depreciated/amortized, net	<u>10,754,846</u>	<u>(330,489)</u>	<u>(5,645)</u>	<u>10,418,712</u>
Business-type activities capital assets, net	<u><u>\$ 12,398,420</u></u>	<u><u>\$ 3,018,053</u></u>	<u><u>\$ (15,602)</u></u>	<u><u>\$ 15,400,871</u></u>

CITY OF BAY VILLAGE, OHIO

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

NOTE 6 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to the enterprise funds as follows:

Sewer	\$ 542,616
Swimming pool	<u>49,962</u>
Total depreciation expense	<u><u>\$ 592,578</u></u>

NOTE 7 - RISK MANAGEMENT

A. Comprehensive

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2024, the City contracted with Traveler's for general liability insurance and Corus for cyber insurance. The types and amounts of coverage are as follows:

Type of Coverage	Coverage
Blanket Property (Building Contents), including Boiler	\$ 42,983,916
Automobile Liability, Comprehensive & Collision	1,000,000
General Liability	1,000,000/3,000,000
Public Officials Liability	1,000,000/1,000,000
Employment Practices Liability	1,000,000/1,000,000
Umbrella Liability	10,000,000
Law Enforcement Liability	1,000,000/1,000,000
Cyber	2,000,000

There have been no significant decreases in coverage from the prior year. Also, settled claims have not exceeded commercial insurance coverage in any of the past three years.

B. Workers' Compensation

In 2024, the City participated in the Ohio Bureau of Workers' Compensation (BWC) retrospective rating and payment system. The rating is based on the claims experience of the prior year. The retrospective plan also involves a third party administrator for claims administration and a payment of a minimum premium for administrative services and stop-loss coverage. In 2024, the third-party administrator was Paramount Preferred Solutions. The actual claims cost for injured employees are paid to the BWC and in 2024 the City did not pay any amounts for incurred claims and claims payable of \$7,118 was calculated as of December 31, 2024.

Changes in the fund's claims liability amount in 2023 and 2024 were:

	Balance at			Balance at
	Beginning of Year	Current Year Claims	Claim Payments	
2024	\$ 7,118	\$ -	\$ -	\$ 7,118
2023	-	7,118	-	7,118

C. Employee Health Care Benefits

The City manages health care benefits (medical and prescription drug) on a self-insured basis using an internal service fund. A third party administrator processes and pays the claims. The City purchases stop-loss coverage to insure against catastrophic claims. An excess coverage insurance (stop-loss) policy covers claims in excess of \$75,000 per employee.

CITY OF BAY VILLAGE, OHIO

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

NOTE 7 - RISK MANAGEMENT - (Continued)

The claims liability of \$64,915 reported in the fund at December 31, 2024, was estimated by reviewing current claims and is based on 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 claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

Changes in the fund's claims liability amount in 2023 and 2024 were:

	Balance at		Balance at	
	Beginning of Year	Current Year Claims	Claim Payments	End of Year
2024	\$ 98,240	\$ 1,694,154	\$ (1,727,479)	\$ 64,915
2023	95,006	1,479,187	(1,475,953)	98,240

NOTE 8 - 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.

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.

CITY OF BAY VILLAGE, OHIO

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

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.

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CITY OF BAY VILLAGE, OHIO

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 BAY VILLAGE, OHIO

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

NOTE 8 - 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 \$755,514 for 2024. Of this amount, \$39,208 is reported as intergovernmental 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.

CITY OF BAY VILLAGE, OHIO

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% 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>

CITY OF BAY VILLAGE, OHIO

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$1,087,605 for 2024. Of this amount, \$32,787 is reported as intergovernmental payable.

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	0.03049300%	0.02251300%	0.00792200%	0.17147740%	
Proportion of the net pension liability/asset current measurement date	<u>0.03027100%</u>	<u>0.02509600%</u>	<u>0.01152000%</u>	<u>0.16844100%</u>	
Change in proportionate share	<u>-0.00022200%</u>	<u>0.00258300%</u>	<u>0.00359800%</u>	<u>-0.00303640%</u>	
Proportionate share of the net pension liability	\$ 7,925,072	\$ -	\$ -	\$ 16,273,725	\$ 24,198,797
Proportionate share of the net pension asset	-	(77,140)	(1,285)	-	(78,425)
Pension expense	770,295	5,666	(122)	1,488,830	2,264,669

CITY OF BAY VILLAGE, OHIO

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ 129,529	\$ 3,127	\$ 2,766	\$ 522,437	\$ 657,859
Net difference between projected and actual earnings on pension plan investments	1,599,618	12,546	229	1,844,155	3,456,548
Changes of assumptions	-	2,862	50	1,028,483	1,031,395
Changes in employer's proportionate percentage/ difference between employer contributions	6,594	-	-	-	6,594
Contributions subsequent to the measurement date	730,709	12,841	11,964	1,087,605	1,843,119
Total deferred outflows of resources	<u>\$ 2,466,450</u>	<u>\$ 31,376</u>	<u>\$ 15,009</u>	<u>\$ 4,482,680</u>	<u>\$ 6,995,515</u>

	OPERS - Traditional	OPERS - Combined	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ 7,624	\$ 182,003	\$ 189,627
Changes of assumptions	-	-	247,136	247,136
Changes in employer's proportionate percentage/ difference between employer contributions	75,191	-	442,158	517,349
Total deferred inflows of resources	<u>\$ 75,191</u>	<u>\$ 7,624</u>	<u>\$ 871,297</u>	<u>\$ 954,112</u>

\$1,843,119 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2025.

CITY OF BAY VILLAGE, OHIO

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

NOTE 8 - 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	\$ 340,245	\$ 1,914	\$ 478	\$ 623,486	\$ 966,123
2026	527,298	3,448	483	742,543	1,273,772
2027	1,020,784	7,228	544	1,226,811	2,255,367
2028	(227,777)	(2,073)	318	(105,916)	(335,448)
2029	-	211	314	34,638	35,163
Thereafter	-	183	908	2,216	3,307
Total	\$ 1,660,550	\$ 10,911	\$ 3,045	\$ 2,523,778	\$ 4,198,284

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 BAY VILLAGE, OHIO

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

CITY OF BAY VILLAGE, OHIO

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

NOTE 8 - 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	\$ 12,476,193	\$ 7,925,072	\$ 4,139,862
Combined Plan	(46,679)	(77,140)	(101,137)
Member-Directed Plan	(922)	(1,285)	(1,613)

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 BAY VILLAGE, OHIO

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

NOTE 8 - 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 BAY VILLAGE, OHIO

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 21,555,761	\$ 16,273,725	\$ 11,881,199

CITY OF BAY VILLAGE, OHIO

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

NOTE 9 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

See Note 8 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 BAY VILLAGE, OHIO

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

NOTE 9 - 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
January 1, 2015 through December 31, 2021	January 1, 2015 through December 31, 2021	January 1, 2015 through December 31, 2021
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 BAY VILLAGE, OHIO

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

NOTE 9 - 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 \$6,925 for 2024. Of this amount, \$359 is reported as intergovernmental 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 BAY VILLAGE, OHIO

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

NOTE 9 - 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 \$25,571 for 2024. Of this amount, \$771 is reported as intergovernmental 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	0.02935400%	0.17147740%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.02935700%</u>	<u>0.16844100%</u>	
Change in proportionate share	<u>0.00000300%</u>	<u>-0.00303640%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 1,229,840	\$ 1,229,840
Proportionate share of the net OPEB asset	(264,954)	-	(264,954)
OPEB expense	(37,536)	25,435	(12,101)

CITY OF BAY VILLAGE, OHIO

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

NOTE 9 - 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 59,141	\$ 59,141
Net difference between projected and actual earnings on OPEB plan investments	159,122	90,813	249,935
Changes of assumptions	68,213	423,204	491,417
Changes in employer's proportionate percentage/ difference between employer contributions	1,482	13,590	15,072
Contributions subsequent to the measurement date	6,925	25,571	32,496
Total deferred outflows of resources	<u>\$ 235,742</u>	<u>\$ 612,319</u>	<u>\$ 848,061</u>
 Deferred inflows of resources			
Differences between expected and actual experience	\$ 37,710	\$ 226,011	\$ 263,721
Changes of assumptions	113,895	791,987	905,882
Changes in employer's proportionate percentage/ difference between employer contributions	5,831	100,559	106,390
Total deferred inflows of resources	<u>\$ 157,436</u>	<u>\$ 1,118,557</u>	<u>\$ 1,275,993</u>

\$32,496 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 BAY VILLAGE, OHIO

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

NOTE 9 - 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	\$ (10,144)	\$ (38,906)	\$ (49,050)
2026	11,393	(69,713)	(58,320)
2027	123,861	(46,782)	77,079
2028	(53,729)	(118,164)	(171,893)
2029	-	(118,233)	(118,233)
Thereafter	-	(140,011)	(140,011)
Total	<u>\$ 71,381</u>	<u>\$ (531,809)</u>	<u>\$ (460,428)</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

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CITY OF BAY VILLAGE, OHIO

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

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

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

CITY OF BAY VILLAGE, OHIO

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

NOTE 9 - 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:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 145,611	\$ (264,954)	\$ (605,048)

CITY OF BAY VILLAGE, OHIO

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

NOTE 9 - 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	\$ 275,956	\$ 264,954	\$ 252,470

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 BAY VILLAGE, OHIO

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

NOTE 9 - 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 BAY VILLAGE, OHIO

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

NOTE 9 - 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	\$ 1,514,821	\$ 1,229,840	\$ 989,829

CITY OF BAY VILLAGE, OHIO

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

NOTE 10 - OTHER EMPLOYEE BENEFITS

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, State laws, and Codified Ordinance. Employees earn vacation at different rates, depending on years of service. Vacation is accrued each pay; carryover amounts into the following year differ from various negotiated agreements. Employees who are not under a negotiated agreement and are paid by council ordinance are permitted to cash out up to three weeks of their vacation balance by year end and they are permitted to carry over up to three years to the subsequent year.

At the time of separation, an employee is entitled to payment for any earned but unused vacation within statutory limits. Overtime is paid in the period in which it is worked, except for the Police, Fire Department and Service Employees who may accumulate overtime within statutory limits and be taken as compensatory time or paid time at a future date. At the time of separation, these employees are entitled to payment for an accumulated but unused overtime.

Sick leave may be accumulated without limit. Upon retirement or death, employees are entitled to payment of any accumulated, but unused sick leave depending on how many years of service the employee had with the City; never to exceed 50% of an employee's final salary.

Permanent part-time employees, whether they are under a negotiated agreement or codified ordinance receive Paid Time Off. Up to 120 hours of Paid Time Off may be used in a one-year period. Paid Time Off is cumulative and the balance is carried into the subsequent year. Upon termination, the balance accumulated as Paid Time Off will be subject to provisions of Sick Leave and not considered as Vacation Leave.

NOTE 11 - NOTES PAYABLE

Changes in the City's note activity for the year ended December 31, 2024, were as follows:

	Balance 12/31/2023	Issued	Retired	Balance 12/31/2024
<u>Governmental fund notes</u>				
Various purpose notes - series 2023	\$ 5,200,000	\$ -	\$ (5,200,000)	\$ -
Various purpose notes - series 2024	\$ -	\$ 1,350,000	\$ -	\$ 1,350,000
Total Governmental Fund Notes	<u>\$ 5,200,000</u>	<u>\$ 1,350,000</u>	<u>\$ (5,200,000)</u>	<u>\$ 1,350,000</u>

All notes were backed by the full faith and credit of the City. The note liability is reflected in the fund which received the proceeds. The notes were issued in anticipation of long-term bond financing and will be refinanced when such bonds are issued.

On June 1, 2023, the City issued Series 2023 bond anticipation notes in the amount of \$5,200,000 to help improve streets. The notes had an interest rate of 4.50% and matured on May 30, 2024.

On May 20, 2024, the City issued Street Improvement Notes, Series 2024 in the amount of \$1,350,000. The notes carry an interest rate of 4.625% and mature on June 4, 2025.

CITY OF BAY VILLAGE, OHIO

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

NOTE 12 - LONG TERM OBLIGATIONS

A. Governmental activities

The original issue date, interest rate, original issue amount and date of maturity of each of the City's governmental activities bonds and notes follows:

<u>Debt Issue</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
Governmental activities:				
<i>General obligation bonds:</i>				
Police station improvements refunding	2012	2028	2.00-4.00%	\$ 3,580,000
<i>OPWC:</i>				
Bradley road/Naigle road improvement	2013	2024	0.00%	73,069
<i>SIB Loan:</i>				
Columbia Road Culvert	2020	2029	3.00%	762,126

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023 which is reflected in the schedule below. Changes in governmental activities long-term obligations of the City during 2024 were as follows.

	<u>Restated Balance 12/31/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2024</u>	<u>Due Within One Year</u>
Governmental activities:					
<i>General obligation bonds:</i>					
Police station improvements - refunding	\$ 1,065,000	\$ -	\$ (225,000)	\$ 840,000	\$ 220,000
Unamortized premiums	57,541	-	(12,093)	45,448	-
<i>Total general obligation bonds</i>	<u>1,122,541</u>	<u>-</u>	<u>(237,093)</u>	<u>885,448</u>	<u>220,000</u>
<i>OPWC loans - direct borrowing:</i>					
Bradley road/Naigle road improvement	3,653	-	(3,653)	-	-
<i>Total OPWC loans</i>	<u>3,653</u>	<u>-</u>	<u>(3,653)</u>	<u>-</u>	<u>-</u>
<i>SIB loan - direct borrowing:</i>					
Colombia Rd Culvert	543,155	-	(92,256)	450,899	95,044
<i>Total SIB loan</i>	<u>543,155</u>	<u>-</u>	<u>(92,256)</u>	<u>450,899</u>	<u>95,044</u>
<i>Long-term obligations:</i>					
Lease payable	704	459,249	(46,621)	413,332	87,209
SBITA payable	38,643	26,355	(22,325)	42,673	22,388
Net pension liability	23,915,601	-	(873,135)	23,042,466	-
Net OPEB liability	1,377,583	8,970	(156,713)	1,229,840	-
Compensated absences*	<u>2,639,567</u>	<u>390,218</u>	<u>-</u>	<u>3,029,785</u>	<u>1,071,931</u>
<i>Total governmental activities</i>	<u><u>\$ 29,641,447</u></u>	<u><u>\$ 884,792</u></u>	<u><u>\$ (1,431,796)</u></u>	<u><u>\$ 29,094,443</u></u>	<u><u>\$ 1,496,572</u></u>

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

General obligation bonds, notes, the OPWC loan and SIB loan will be paid from tax money received into the general obligation bond retirement fund.

CITY OF BAY VILLAGE, OHIO

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

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

During 2012, the City issued \$3,580,000 in Series 2012 police station improvement refunding bonds to advance refund \$3,375,000 of the Series 2003 police station improvement bonds. The reacquisition price of the Series 2012 police station improvement refunding bonds exceeded the net carrying amount of the old debt by \$289,886. This amount is recorded as a deferred outflow of resources and amortized over the remaining life of the refunded debt, which is equal to the life of the Series 2012 issuance. This advance refunding was undertaken to reduce the combined total debt service payments by \$2,475,000 at December 31, 2018. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The OPWC and SIB loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

Leases Payable - The City has entered into lease agreements for the intangible right-to-use equipment and vehicles. Due to the implementation of GASSB Statement No. 87, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and the general capital improvements fund.

The City has entered into lease agreements for equipment as follows:

Company	Lease Commencement Date	Years	Lease End Date	Payment Method
FP Postage	2021	5	2026	Quarterly
Ford #2824	2024	5	2029	Monthly
Ford #4977	2024	5	2029	Monthly
Ford #4340	2024	5	2029	Monthly
Maverick #1044	2024	5	2029	Monthly
Maverick #1181	2024	5	2029	Monthly
Transit 150 Cargo	2024	5	2029	Monthly
Nissan Altima #6169	2024	5	2029	Monthly
Nissan Altima #6351	2024	5	2029	Monthly
Taser 7 basic bundle	2024	5	2029	Annual
Flock safety	2024	5	2029	Annual

CITY OF BAY VILLAGE, OHIO

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

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

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

Fiscal Year	Principal	Interest	Total
2025	\$ 87,209	\$ 11,539	\$ 98,748
2026	89,716	8,889	98,605
2027	92,445	6,161	98,606
2028	95,257	3,349	98,606
2029	48,705	580	49,285
Total	<u>\$ 413,332</u>	<u>\$ 30,518</u>	<u>\$ 443,850</u>

SBITA's Payable – The City has entered into agreements for the intangible right-to-use subscription software. Due to the implementation of GASB Statement No. 96, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the SBITA's. The SBITA payments will be paid from the general fund, parks and recreation fund (a nonmajor governmental fund), and the street construction maintenance and repair fund (a nonmajor governmental fund).

The City has entered into SBITA agreements for software as follows:

SBITA	SBITA Commencement Date	Years	SBITA End Date	Payment Method
Brightly Software	2023	5	2027	Annually
DATTO Back Up	2024	2	2025	Annually

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

Fiscal Year	Principal	Interest	Total
2025	\$ 22,388	\$ 1,914	\$ 24,302
2026	9,889	1,038	10,927
2027	<u>10,396</u>	<u>532</u>	<u>10,928</u>
Total	<u>\$ 42,673</u>	<u>\$ 3,484</u>	<u>\$ 46,157</u>

Net pension liability and net OPEB liability - see Notes 8 and 9 for details.

Compensated absences will be paid from the fund that pays the employees' salaries.

Principal and interest requirements to retire governmental activities long-term obligations outstanding at December 31, 2024 are as follows:

Year Ending	<u>General Obligation Bonds</u>		
	Principal	Interest	Total
December 31,			
2025	\$ 220,000	\$ 21,810	\$ 241,810
2026	215,000	16,310	231,310
2027	205,000	10,935	215,935
2028	<u>200,000</u>	<u>5,400</u>	<u>205,400</u>
Total	<u>\$ 840,000</u>	<u>\$ 54,455</u>	<u>\$ 894,455</u>

CITY OF BAY VILLAGE, OHIO

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

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Year Ending <u>December 31,</u>	<u>SIB Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 95,044	\$ 12,822	\$ 107,866
2026	97,917	9,949	107,866
2027	100,877	6,989	107,866
2028	103,926	3,939	107,865
2029	<u>53,135</u>	<u>797</u>	<u>53,932</u>
Total	\$ 450,899	\$ 34,496	\$ 485,395

B. Business-Type Activities

The original issue date, interest rate, original issue amount and date of maturity of each of the City's business-type activities bonds and loans follows:

<u>Debt issue</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
<u>Business-type activities</u>				
<i>OPWC loan:</i>				
Cahoon Creek Aerial Sewer Replacement	2013	2044	0.00%	\$ 1,039,232
Cahoon Road Sewer Replacement	2014	2045	0.00%	729,040

Due to the implementation of GASB Statement No. 101 (see Note 3 for detail), the City has restated compensated absences as of December 31, 2023 which is reflected in the schedule below. Changes in business-type activities long-term obligations of the City during 2024 were as follows.

	<u>Restated Balance 12/31/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2024</u>	<u>Due Within One Year</u>
<u>Business-type activities:</u>					
<i>OPWC loan - direct borrowing:</i>					
Cahoon Creek Aerial Sewer Replacement	\$ 727,458	\$ -	\$ (34,641)	\$ 692,817	\$ 34,641
Cahoon Road Sewer Replacement	534,632	-	(24,301)	510,331	24,301
SBITAs payable	19,322	-	(4,475)	14,847	4,704
Intergovernmental payable - RR WWTP	-	3,331,138	(274,529)	3,056,609	-
Net pension liability	1,380,737	-	(224,406)	1,156,331	-
Net OPEB liability	28,371	-	(28,371)	-	-
Compensated absences*	<u>255,681</u>	<u>16,354</u>	<u>-</u>	<u>272,035</u>	<u>54,262</u>
<i>Total Business-type activities</i>	<u>\$ 2,946,201</u>	<u>\$ 3,347,492</u>	<u>\$ (590,723)</u>	<u>\$ 5,702,970</u>	<u>\$ 117,908</u>

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

The OPWC loans will be paid with monies from the sewer enterprise fund and are used for sewer improvements. The OPWC loans are considered direct borrowings. Direct borrowings have terms negotiated directly between the City and the lender and are not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

CITY OF BAY VILLAGE, OHIO

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

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

Net pension liability and net OPEB liability - see Notes 8 and 9 for details.

SBITA's Payable – The City has entered into agreements for the intangible right-to-use subscription software. Due to the implementation of GASB Statement No. 96, the City will report an intangible capital asset and corresponding liability for the future scheduled payments under the SBITA's. The SBITA payments will be paid from the sewer fund.

The City has entered into SBITA agreements for software as follows:

<u>SBITA</u>	<u>Commencement Date</u>	<u>Years</u>	<u>SBITA End Date</u>	<u>Payment Method</u>
Brightly Software	2023	5	2027	Annually

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 4,704	\$ 760	\$ 5,464
2026	4,945	519	5,464
2027	<u>5,198</u>	<u>266</u>	<u>5,464</u>
Total	<u>\$ 14,847</u>	<u>\$ 1,545</u>	<u>\$ 16,392</u>

Intergovernmental payable - Rocky River Wastewater Treatment Plant (RR WWTP) - The City has recorded a liability related to a construction project undertaken by the Rocky River Wastewater Treatment Plant. See Note 13. The project is still under construction and, therefore, no repayment schedule was available at year-end.

Compensated absences will be paid from the sewer enterprise fund.

Principal and interest requirements to retire business-type activities long-term obligations outstanding at December 31, 2024 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Business Type Activities</u>		
	<u>OPWC</u>		
	<u>Loans</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 58,942	\$ -	\$ 58,942
2026	58,942	-	58,942
2027	58,942	-	58,942
2028	58,942	-	58,942
2029	58,942	-	58,942
2030 - 2034	294,710	-	294,710
2035 - 2039	294,710	-	294,710
2040 - 2044	294,708	-	294,708
2045	<u>24,310</u>	<u>-</u>	<u>24,310</u>
Total	<u>\$ 1,203,148</u>	<u>\$ -</u>	<u>\$ 1,203,148</u>

CITY OF BAY VILLAGE, OHIO

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

NOTE 12 - LONG TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2024, the City's total debt margin was \$82,612,025 and the unvoted debt margin was \$41,327,124.

NOTE 13 - INTEREST IN WASTEWATER TREATMENT PLANT

Rocky River Wastewater Treatment Plant

The Rocky River Wastewater Treatment Plant (Plant) is located at 22303 Lake Road in Rocky River on land owned by that Member City. The Plant supplies participating residents of the WWTP Member Cities, with a combined population of approximately 83,373, with wastewater treatment services. The Plant is designed to treat an average daily flow of 22.5 million gallons per day (MGD) and has a primary treatment capacity of 128 MGD and a secondary treatment capacity of 45 MGD. The Plant facility was originally built in 1961 (for primary treatment) with a major expansion completed in 1985 (addition of secondary biological treatment process required by the 1972 Clean Water Act) and further expanded with a major upgrade to increase primary treatment capacity in 2000.

Pursuant to an organizing agreement, as amended from time to time, an operational structure and certain managerial guidelines for the Plant are stipulated. In addition, the organizing agreement provides that legal title to the Rocky River Wastewater Treatment Plant is held jointly by the WWTP Member Cities as measured by a proportional allocation. The bases for the allocation are 1) Plant capital assets and 2) each WWTP Member Cities' combined proportion factor related to the cost of constructing certain improvements.

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CITY OF BAY VILLAGE, OHIO

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

NOTE 13 - INTEREST IN WASTEWATER TREATMENT PLANT - (Continued)

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

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Business-type activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Construction in progress	\$ 8,078,514	\$ 16,869,340	\$ (50,160)	\$ 24,897,694
<i>Total capital assets, not being depreciated/amortized</i>	<u>8,078,514</u>	<u>16,869,340</u>	<u>(50,160)</u>	<u>24,897,694</u>
<i>Capital assets, being depreciated/amortized:</i>				
Treatment plant	64,321,358	227,522	(47,394)	64,501,486
Equipment	1,527,548	156,603	(65,805)	1,618,346
Vehicles	<u>103,976</u>	<u>42,000</u>	<u>-</u>	<u>145,976</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>65,952,882</u>	<u>426,125</u>	<u>(113,199)</u>	<u>66,265,808</u>
Less accumulated depreciation/amortization:				
Treatment plant	(44,457,289)	(1,537,637)	18,958	(45,975,968)
Equipment	(1,344,833)	(80,930)	65,805	(1,359,958)
Vehicles	<u>(72,501)</u>	<u>(10,845)</u>	<u>-</u>	<u>(83,346)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(45,874,623)</u>	<u>(1,629,412)</u>	<u>84,763</u>	<u>(47,419,272)</u>
Total capital assets, being depreciated/amortized, net	<u>20,078,259</u>	<u>(1,203,287)</u>	<u>(28,436)</u>	<u>18,846,536</u>
Business-type activities capital assets, net	<u>\$ 28,156,773</u>	<u>\$ 15,666,053</u>	<u>\$ (78,596)</u>	<u>\$ 43,744,230</u>

WWTP Member Cities interest in the Plant is as follows:

WWTP Member City	Proportion Factor	Interest in the Plant
City of Bay Village	19.8499%	\$8,683,171
City of Fairview Park	16.3942%	\$7,171,531
City of Rocky River	26.3894%	\$11,543,839
City of Westlake	37.3665%	\$16,345,688
Total		\$43,744,229

The Plant's Charges for Services operating revenue consists of amounts billed to and collected from the WWTP Member Cities.

Permitting and Compliance

The Plant operates under authority of Ohio Environmental Protection Agency (Ohio EPA) National Pollution Discharge Elimination System (NPDES) Permit No. 3PE00009*ND that was issued January 6, 2023 effective for the period February 1, 2023 to January 31, 2028. The United States Environmental Protection Agency regulations provide that if a Federal Water Pollution Control Act permit, including the Plant's NPDES Permit, has expired and the permitting authority (Ohio EPA) has not yet issued a new permit, the expired permit is administratively extended and kept in effect until the new permit is issued.

In addition, the Plant is regulated by the Ohio EPA to limit air contaminants generated by the anaerobic digestion process and associated control equipment. On July 27, 2021, the Ohio EPA issued Air Pollution Permit-to-Install and Operate Permit Number P0130237 effective for the period July 21, 2021 through July 27, 2031.

In 2024, the Plant received preliminary notices of non-compliance for four issues; all of which were timely reported to the Ohio EPA. As of the date of this report, no fines or penalties have been either proposed or imposed. Further, Plant management is of the opinion no fines or penalties will result from these issues.

CITY OF BAY VILLAGE, OHIO

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

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Westshore Council of Governments

The West Shore Council of Governments helps foster cooperation between municipalities in areas effecting health, safety, welfare, education, economic conditions and regional development. The Board is comprised of the mayor from each of the six participating entities. The Board exercises control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each city's degree of control is limited to its representation on the Board. In 2024, the City contributed \$46,211 which represents 10.28% of total contributions. Complete financial information statements can be obtained from the City of Bay Village, 350 Dover Center Road, Bay Village, Ohio 44140.

The Council has established two subsidiary organizations, the West Technical Rescue Team which provides for fire protection, investigation, technical rescue, a community emergency response team and a hazardous material response team and the West Shore Enforcement Bureau which provides extra assistance to cities including a S.W.A.T team, Hazardous Devices Unit and Westshore Young Leaders.

B. S.A.F.E. Council of Governments

The S.A.F.E. Council of Governments was formed between municipalities to oppose changes to Cleveland Hopkins International Airport's traffic pattern. The Cities of Rocky River, Bay Village, Fairview Park, and Westlake govern by a Board consisting of the elected mayors. The Board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the Board. Each City's degree of control is limited to its representation on the Board. Complete financial statements can be obtained from the City of Rocky River, 21012 Hilliard Boulevard, Rocky River, Ohio 44116.

NOTE 15 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City.

B. Litigation

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

NOTE 16 - COMMUNITY GYMNASIUM JOINT OPERATING AGREEMENT

On August 13, 2001, the City entered into a contribution agreement for constructing, equipping and furnishing a Community Gymnasium and a development and use agreement with the Board of Education of the Bay Village City School District (the "School District") for the Community Gymnasium (the "Gym"). Both agreements were amended on February 25, 2002. The initial term of the agreements commenced on the first date the Gym opened for public use and ends thirty years thereafter.

The agreements include termination provisions which allow either the City or the School District to seek 100 percent usage upon request at least two years prior to the expiration of the initial term. Termination provisions require repayment of the initial contribution plus a percent of the cost of major additions. The Gym and joint use areas are owned by the School District.

CITY OF BAY VILLAGE, OHIO

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

NOTE 16 - COMMUNITY GYMNASIUM JOINT OPERATING AGREEMENT - (Continued)

The development and use agreement includes provisions for capital improvement funding. Under these provisions, both the City and the School District are required to establish and maintain a community gym fund. For the first year of operation, the City and School District contributed \$6,000 and \$3,000, respectively. These amounts will increase three-percent annually and will be used for capital improvements and contracted maintenance as jointly decided.

The City is responsible for maintaining liability insurance for activities in the Gym under the City's supervision with coverage limits not less than \$5,000,000 for bodily injury per person, \$5,000,000 for each occurrence, and \$2,000,000 excess liability umbrella insurance. The School District is responsible for fire and liability insurance. The City and School District also have additional annual obligations for housekeeping, custodial, equipment, supply and utility costs.

NOTE 17 - INTERFUND TRANSFERS

Transfers made during the year ended December 31, 2024 were as follows:

Transfer To <i>Governmental activities</i>	Transfer From <i>Governmental Activities</i>		
	<u>General</u>	<u>General Bond</u>	<u>Totals</u>
General capital improvement	\$ 1,039,772	\$ 5,265,000	\$ 6,304,772
Nonmajor governmental funds	940,521	-	940,521
<i>Total governmental activities</i>	<u>\$ 1,980,293</u>	<u>\$ 5,265,000</u>	<u>\$ 7,245,293</u>
<i>Business-Type Activities</i>			
Pool	\$ 175,000	\$ -	\$ 175,000
Total	<u>\$ 2,155,293</u>	<u>\$ 5,265,000</u>	<u>\$ 7,420,293</u>

Transfers between governmental funds are eliminated for reporting on the statement of activities. Net transfers between governmental activities and business-type activities are reported on the statement of activities. Transfers out of the general bond retirement fund to the general capital improvement fund were to retire the various purpose notes that were previously recorded as fund liabilities. All transfers above were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 18 - LOANS RECEIVABLE/LOANS PAYABLE

Long-term loans receivable/loans payable at December 31, 2024 as reported on the fund statements, consisted of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 400,000</u>

All long-term advances are not expected to be repaid within one year. Loans between governmental funds are eliminated on the government-wide financial statements.

CITY OF BAY VILLAGE, 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 had no commitments for encumbrances.

NOTE 20 - 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	General Obligation Bond Retirement Fund	General Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 19,192	\$ -	\$ -	\$ 122,016	\$ 141,208
Prepayments	124,479	-	2,290	8,112	134,881
Permanent fund	-	-	-	204,540	204,540
Unclaimed monies	11,042	-	-	-	11,042
Loans	400,000	-	-	-	400,000
Total nonspendable	554,713	-	2,290	334,668	891,671
Restricted:					
Debt service	-	-	-	19,104	19,104
General government	-	-	-	548,448	548,448
Security of persons and property	-	-	-	1,926,827	1,926,827
Leisure time activities	-	-	-	476,850	476,850
Community environment	-	-	-	21,909	21,909
Transportation	-	-	-	1,228,476	1,228,476
Capital improvements	-	-	-	74,799	74,799
Permanent fund	-	-	-	146,834	146,834
Total restricted	-	-	-	4,443,247	4,443,247
Committed:					
Capital improvements	-	-	4,122,979	4,590,223	8,713,202
Debt service	-	4,554,789	-	-	4,554,789
Leisure time activities	-	-	-	7,130	7,130
Severance	-	-	-	689,542	689,542
General government	-	-	-	37,629	37,629
Public health and welfare	-	-	-	82,046	82,046
Total committed	-	4,554,789	4,122,979	5,406,570	14,084,338
Assigned:					
27th pay period	120,000	-	-	-	120,000
Subsequent year appropriations	1,537,151	-	-	-	1,537,151
Total assigned	1,657,151	-	-	-	1,657,151
Unassigned (deficit)	8,511,074	-	-	(216,419)	8,294,655
Total fund balances	\$ 10,722,938	\$ 4,554,789	\$ 4,125,269	\$ 9,968,066	\$ 29,371,062

NOTE 21 - 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 received COVID-19 funding. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BAY VILLAGE, OHIO

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
			Budgetary Basis	
Budgetary revenues:				
Income taxes	\$ 8,309,692	\$ 8,330,629	\$ 9,931,431	\$ 1,600,802
Property and other taxes	4,375,060	4,386,084	4,526,783	140,699
Charges for services	573,954	575,400	764,520	189,120
Fines, licenses and permits	594,253	595,750	584,425	(11,325)
Intergovernmental	1,067,253	1,069,942	1,187,176	117,234
Investment income	398,995	400,000	1,223,955	823,955
Rental income	20,224	20,275	23,030	2,755
Contributions and donations	14,962	15,000	14,982	(18)
Other	185,533	186,000	180,976	(5,024)
Total budgetary revenues	<u>15,539,926</u>	<u>15,579,080</u>	<u>18,437,278</u>	<u>2,858,198</u>
Budgetary expenditures:				
Current:				
General government	3,864,138	4,000,458	3,186,641	(813,817)
Security of persons and property	7,016,348	7,046,948	6,534,551	(512,397)
Public health and welfare	342,650	342,650	310,663	(31,987)
Transportation	271,000	271,000	241,227	(29,773)
Community environment	1,163,530	1,161,551	934,738	(226,813)
Leisure time activity	154,950	167,950	68,021	(99,929)
Utility services	2,605,914	2,767,393	2,449,125	(318,268)
Total budgetary expenditures	<u>15,418,530</u>	<u>15,757,950</u>	<u>13,724,966</u>	<u>(2,032,984)</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>121,396</u>	<u>(178,870)</u>	<u>4,712,312</u>	<u>4,891,182</u>
Budgetary other financing uses:				
Transfers (out)	(1,505,521)	(2,195,293)	(2,195,293)	-
Total budgetary other financing uses	<u>(1,505,521)</u>	<u>(2,195,293)</u>	<u>(2,195,293)</u>	<u>-</u>
Net change in fund balances	<u>(1,384,125)</u>	<u>(2,374,163)</u>	<u>2,517,019</u>	<u>4,891,182</u>
Budgetary fund balances at beginning of year	<u>3,888,867</u>	<u>3,888,867</u>	<u>3,888,867</u>	<u>-</u>
Budgetary fund balances at end of year	<u>\$ 2,504,742</u>	<u>\$ 1,514,704</u>	<u>\$ 6,405,886</u>	<u>\$ 4,891,182</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BAY VILLAGE, 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	0.030271000%	\$ 7,925,072	\$ 5,016,071	157.99%	79.01%
2023	0.030493000%	9,007,647	4,454,957	202.19%	75.74%
2022	0.031398000%	2,731,753	4,629,214	59.01%	92.62%
2021	0.032203000%	4,768,563	4,778,943	99.78%	86.88%
2020	0.032183000%	6,361,188	4,543,700	140.00%	82.17%
2019	0.030577000%	8,374,420	4,139,429	202.31%	74.70%
2018	0.029727000%	4,663,590	3,808,308	122.46%	84.66%
2017	0.030745000%	6,981,667	4,018,367	173.74%	77.25%
2016	0.030844000%	5,342,570	3,876,767	137.81%	81.08%
2015	0.030367000%	3,662,600	3,729,939	98.19%	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	\$ 730,709	\$ (730,709)	\$ -	\$ 5,219,350	14.00%
2023	702,250	(702,250)	-	5,016,071	14.00%
2022	623,694	(623,694)	-	4,454,957	14.00%
2021	648,090	(648,090)	-	4,629,214	14.00%
2020	669,052	(669,052)	-	4,778,943	14.00%
2019	636,118	(636,118)	-	4,543,700	14.00%
2018	579,520	(579,520)	-	4,139,429	14.00%
2017	495,080	(495,080)	-	3,808,308	13.00%
2016	482,204	(482,204)	-	4,018,367	12.00%
2015	465,212	(465,212)	-	3,876,767	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 BAY VILLAGE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
NET PENSION ASSET
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	0.025096000%	\$ 77,140	\$ 115,233	66.94%	144.55%
2023	0.022513000%	53,061	104,964	50.55%	137.14%
2022	0.021889000%	86,243	99,793	86.42%	169.88%
2021	0.022917000%	66,153	101,000	65.50%	157.67%
2020	0.020786000%	43,344	92,529	46.84%	145.28%
2019	0.021083000%	23,575	90,171	26.14%	126.64%
2018	0.036797000%	50,092	150,700	33.24%	137.28%
2017	0.034789000%	19,362	135,425	14.30%	116.55%
2016	0.037650000%	18,321	134,528	13.62%	116.90%
2015	0.038143000%	14,686	139,427	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	\$ 12,841	\$ (12,841)	\$ -	\$ 107,008	12.00%
2023	13,828	(13,828)	-	115,233	12.00%
2022	14,695	(14,695)	-	104,964	14.00%
2021	13,971	(13,971)	-	99,793	14.00%
2020	14,140	(14,140)	-	101,000	14.00%
2019	12,954	(12,954)	-	92,529	14.00%
2018	12,624	(12,624)	-	90,171	14.00%
2017	19,591	(19,591)	-	150,700	13.00%
2016	16,251	(16,251)	-	135,425	12.00%
2015	16,123	(16,123)	-	134,358	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 BAY VILLAGE, 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	0.011520000%	\$ 1,285	\$ 84,860	1.51%	134.44%
2023	0.007922000%	620	53,900	1.15%	126.74%
2022	0.009279000%	1,685	58,180	2.90%	171.84%
2021	0.003962000%	722	23,790	3.03%	188.21%
2020	0.008673000%	328	51,560	0.64%	118.84%
2019	0.005551000%	126	31,730	0.40%	113.42%
2018	0.006774000%	236	37,130	0.64%	124.46%
2017	0.007315000%	30	34,775	0.09%	103.40%
2016	0.583800000%	2,231	32,508	6.86%	103.91%
2015	n/a	n/a	n/a	0.00%	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	\$ 11,964	\$ (11,964)	\$ -	\$ 119,640	10.00%
2023	8,486	(8,486)	-	84,860	10.00%
2022	5,390	(5,390)	-	53,900	10.00%
2021	5,818	(5,818)	-	58,180	10.00%
2020	2,379	(2,379)	-	23,790	10.00%
2019	5,156	(5,156)	-	51,560	10.00%
2018	3,173	(3,173)	-	31,730	10.00%
2017	3,713	(3,713)	-	37,130	10.00%
2016	4,173	(4,173)	-	34,775	12.00%
2015	3,901	(3,901)	-	32,508	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 BAY VILLAGE, 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	0.168441000%	\$ 16,273,725	\$ 4,793,702	339.48%	63.63%
2023	0.171477400%	16,288,691	4,566,365	356.71%	62.90%
2022	0.172767000%	10,793,483	4,796,049	225.05%	75.03%
2021	0.176079100%	12,003,470	4,472,343	268.39%	70.65%
2020	0.183059300%	12,331,852	4,297,850	286.93%	69.89%
2019	0.183945000%	15,014,773	4,128,207	363.71%	63.07%
2018	0.182193000%	11,182,021	3,802,768	294.05%	70.91%
2017	0.186035000%	11,783,294	3,986,252	295.60%	68.36%
2016	0.188708000%	12,139,714	3,826,406	317.26%	66.77%
2015	0.178790400%	9,262,088	3,781,102	244.96%	72.20%
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
<i>Police:</i>					
2024	\$ 482,429	\$ (482,429)	\$ -	\$ 2,539,100	19.00%
2023	446,365	(446,365)	-	2,349,289	19.00%
2022	388,595	(388,595)	-	2,045,237	19.00%
2021	416,908	(416,908)	-	2,194,253	19.00%
2020	396,136	(396,136)	-	2,084,926	19.00%
2019	384,116	(384,116)	-	2,021,663	19.00%
2018	372,364	(372,364)	-	1,959,811	19.00%
2017	345,743	(345,743)	-	1,819,700	19.00%
2016	358,257	(358,257)	-	1,885,563	19.00%
2015	350,607	(350,607)	-	1,845,300	19.00%
<i>Fire:</i>					
2024	\$ 605,176	\$ (605,176)	\$ -	\$ 2,575,217	23.50%
2023	574,437	(574,437)	-	2,444,413	23.50%
2022	592,465	(592,465)	-	2,521,128	23.50%
2021	611,422	(611,422)	-	2,601,796	23.50%
2020	561,043	(561,043)	-	2,387,417	23.50%
2019	534,904	(534,904)	-	2,276,187	23.50%
2018	509,573	(509,573)	-	2,168,396	23.50%
2017	466,021	(466,021)	-	1,983,068	23.50%
2016	493,662	(493,662)	-	2,100,689	23.50%
2015	465,560	(465,560)	-	1,981,106	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 BAY VILLAGE, 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	0.029357000%	\$ (264,954)	\$ 5,216,164	5.08%	107.76%
2023	0.029354000%	185,084	4,613,821	4.01%	94.79%
2022	0.030235000%	(947,005)	4,787,187	19.78%	128.23%
2021	0.030815000%	(548,994)	4,903,733	11.20%	115.57%
2020	0.030925000%	4,271,546	4,687,789	91.12%	47.80%
2019	0.029314000%	3,821,853	4,261,330	89.69%	46.33%
2018	0.029060000%	3,155,702	3,996,138	78.97%	54.14%
2017	0.029908752%	3,020,886	4,188,567	72.12%	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	\$ 6,925	\$ (6,925)	\$ -	\$ 5,445,998	0.13%
2023	5,700	(5,700)	-	5,216,164	0.11%
2022	2,156	(2,156)	-	4,613,821	0.05%
2021	2,327	(2,327)	-	4,787,187	0.05%
2020	952	(952)	-	4,903,733	0.02%
2019	2,062	(2,062)	-	4,687,789	0.04%
2018	1,269	(1,269)	-	4,261,330	0.03%
2017	41,075	(41,075)	-	3,996,138	1.03%
2016	83,772	(83,772)	-	4,188,567	2.00%
2015	80,222	(80,222)	-	4,043,633	1.98%

(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 BAY VILLAGE, 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	0.168441000%	\$ 1,229,840	\$ 4,793,702	25.66%	51.89%
2023	0.171477400%	1,220,870	4,566,365	26.74%	52.59%
2022	0.172767000%	1,893,675	4,796,049	39.48%	46.86%
2021	0.176079100%	1,865,587	4,472,343	41.71%	45.42%
2020	0.183059300%	1,808,210	4,297,850	42.07%	47.08%
2019	0.183945000%	1,675,101	4,128,207	40.58%	46.57%
2018	0.182193000%	10,322,805	3,802,768	271.46%	14.13%
2017	0.186035000%	8,830,663	3,986,252	221.53%	15.96%
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
<i>Police:</i>					
2024	\$ 12,695	\$ (12,695)	\$ -	\$ 2,539,100	0.50%
2023	11,748	(11,748)	-	2,349,289	0.50%
2022	10,225	(10,225)	-	2,045,237	0.50%
2021	10,971	(10,971)	-	2,194,253	0.50%
2020	10,425	(10,425)	-	2,084,926	0.50%
2019	10,108	(10,108)	-	2,021,663	0.50%
2018	9,799	(9,799)	-	1,959,811	0.50%
2017	9,099	(9,099)	-	1,819,700	0.50%
2016	9,428	(9,428)	-	1,885,563	0.50%
2015	9,476	(9,476)	-	1,845,300	0.50%
<i>Fire:</i>					
2024	\$ 12,876	\$ (12,876)	\$ -	\$ 2,575,217	0.50%
2023	12,222	(12,222)	-	2,444,413	0.50%
2022	12,606	(12,606)	-	2,521,128	0.50%
2021	13,009	(13,009)	-	2,601,796	0.50%
2020	11,937	(11,937)	-	2,387,417	0.50%
2019	11,388	(11,388)	-	2,276,187	0.50%
2018	10,842	(10,842)	-	2,168,396	0.50%
2017	9,915	(9,915)	-	1,983,068	0.50%
2016	10,503	(10,503)	-	2,100,689	0.50%
2015	9,906	(9,906)	-	1,981,106	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 BAY VILLAGE, OHIO

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

NOTE 1 - BUDGETARY PROCESS

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

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and any major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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	\$ 2,517,019
Net adjustment for revenue accruals	160,575
Net adjustment for expenditure accruals	(101,424)
Net adjustment for other sources/uses	26,355
Funds budgeted elsewhere	<u>55,753</u>
GAAP Basis	<u><u>\$ 2,658,278</u></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 general reserve fund, general insurance fund, unclaimed monies fund, 27th pay fund and the employee FSA fund.

CITY OF BAY VILLAGE, 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 BAY VILLAGE, 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 BAY VILLAGE, 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% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

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

CITY OF BAY VILLAGE, 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% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was changed to 4.07% and (b) the municipal bond rate was changed to 3.38%.

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**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

City of Bay Village
Cuyahoga County
350 Dover Center Road
Bay Village, Ohio 44140

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bay Village, Cuyahoga County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Bay Village's basic financial statements, and have issued our report thereon dated June 30, 2025, wherein we noted as described in Note 3 to the financial statements, the City of Bay Village restated beginning net position as a result of a change in accounting principle by implementing 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 of Bay Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bay Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bay Village'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 of Bay Village'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 Bay Village

Cuyahoga County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bay Village'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 of Bay Village'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 of Bay Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Julian & Grube, Inc." The signature is cursive and fluid, with a slight flourish at the end.

Julian & Grube, Inc.

June 30, 2025

OHIO AUDITOR OF STATE KEITH FABER



CITY OF BAY VILLAGE

CUYAHOGA 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 1/8/2026

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