

CITY OF HAMILTON
BUTLER COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024



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Columbus, Ohio 43215
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City Council
City of Hamilton
345 High Street
Hamilton, OH 45011

We have reviewed the *Independent Auditors' Report* of the City of Hamilton, Butler County, prepared by Clark, Schaefer, Hackett & Co., 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 Hamilton is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

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

November 04, 2025

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CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Program Title	Pass Through Entity Number	Assistance Listing Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	n/a	14.218	\$ 339,594	\$ 938,078
Community Development Block Grants/Entitlement Grants Revolving Loan	n/a	14.218		42,748
COVID-19 - Community Development Block Grant CARES Act	n/a	14.218	156,868	245,761
Total CDBG - Entitlement Grants Cluster			496,462	1,226,587
HOME Investment Partnerships Program	n/a	14.239	464,320	468,294
Total U.S. Department of Housing and Urban Development			960,782	1,694,881
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Safety Cluster:				
(Passed through Ohio Department of Public Safety):				
State and Community Highway Safety	IDEP/STEP-2024-Hamilton Police Dept.-00048	20.600		19,053
State and Community Highway Safety	IDEP/STEP-2025-Hamilton Police Dept.-00060	20.600		5,122
				24,175
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP/STEP-2024-Hamilton Police Dept.-00048	20.608		19,008
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	IDEP/STEP-2025-Hamilton Police Dept.-00060	20.608		4,151
				23,159
(Passed through City of Oxford):				
Alcohol Impaired Driving Countermeasures Incentive Grants I	OVI-2024-Oxford Division of Police-00007	20.601		23,468
Alcohol Impaired Driving Countermeasures Incentive Grants I	OVI-2025-Oxford Division of Police-00003	20.601		9,623
				33,091
(Passed through Ohio Department of Transportation):				
Highway Planning and Construction	PID #113302	20.205		584,535
Highway Planning and Construction	PID #114071	20.205		823,705
Highway Planning and Construction	PID #114261	20.205		648,000
Highway Planning and Construction	PID #115445	20.205		310,533
Highway Planning and Construction	PID #117577	20.205		221,443
Highway Planning and Construction	PID #119986	20.205		214,706
Highway Planning and Construction	PID #119772	20.205		131,610
Highway Planning and Construction	PID #120254	20.205		46,234
Total Highway Planning & Construction				2,980,766
Total U.S. Department of Transportation				3,061,191
U.S. DEPARTMENT OF THE TREASURY				
(Passed through Ohio Department of Budget and Management):				
Coronavirus State and Local Fiscal Recovery Funds	OH-ARPA-HB45-OATP	21.027		22,398
(Passed through Odepartment of Public Safety):				
Coronavirus State and Local Fiscal Recovery Funds	2022-AR-LEP-972	21.027		8,080
Coronavirus State and Local Fiscal Recovery Funds	2022-AR-LEP-1049	21.027		165,261
Coronavirus State and Local Fiscal Recovery Funds	2022-AR-LEP-1064	21.027		18,000
Coronavirus State and Local Fiscal Recovery Funds	2022-AR-CCB-1122	21.027		30,036
				221,377
(Passed through ohio Emergency Management Agency):				
Coronavirus State and Local Fiscal Recovery Funds	AFRR-390-WELL	21.027		63,000
Coronavirus State and Local Fiscal Recovery Funds	AFRR-267-WELL	21.027		1,560
Coronavirus State and Local Fiscal Recovery Funds	AFRR-390-HIR	21.027		764,212
				828,772
Total Coronavirus State and Local Fiscal Recovery Funds				1,072,547
Total U.S. Department of the Treasury				1,072,547
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
(Passed through Butler County Health Department):				
Hospital Preparedness Program and Public Health Emergency	00910012PH1221	93.074		32,199
Preparedness Aligned Cooperative Agreements				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	00910012EO0121	93.323		30,999
Public Health Emergency Response: Cooperative Agreement for Emergency				
Response: Public Health Crisis Response	00910012WF0122	93.354		106,905
Total U.S. Department of Health and Human Services				170,103
U.S. DEPARTMENT OF HOMELAND SECURITY				
Assistance to Firefighters Grant	n/a	97.044		135,164
Total U.S. Department of Homeland Security				135,164
Total Passed Through to Subrecipients and Federal Expenditures			\$ 960,782	\$ 6,133,886

The accompanying notes are an integral part of this schedule.

CITY OF HAMILTON, OHIO
Schedule of Expenditures of Federal Awards - continued
Year Ended December 31, 2024

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

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

NOTE D - PASSTHROUGH AWARDS

The City of Hamilton, Ohio receives certain federal awards from the State of Ohio as pass-through awards. The amounts received are commingled by the State of Ohio with other funds and cannot be separately identified. The total amount of such pass-through awards is included on the schedule of expenditures of federal awards.

NOTE E - SUBRECIPIENTS

The City passes certain federal awards received from the Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

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*

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Hamilton, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Ohio ("City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2025

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Hamilton, Ohio:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher

than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 24, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2025

CITY OF HAMILTON, OHIO
Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal Control over major programs:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major programs:	
• ALN 14.218 – Community Development Block Grants/Entitlement Grants	
• ALN 21.027 – COVID-19-Coronavirus State and Local Fiscal Recovery Funds	
• ALN 20.205 – Highway Planning and Construction	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

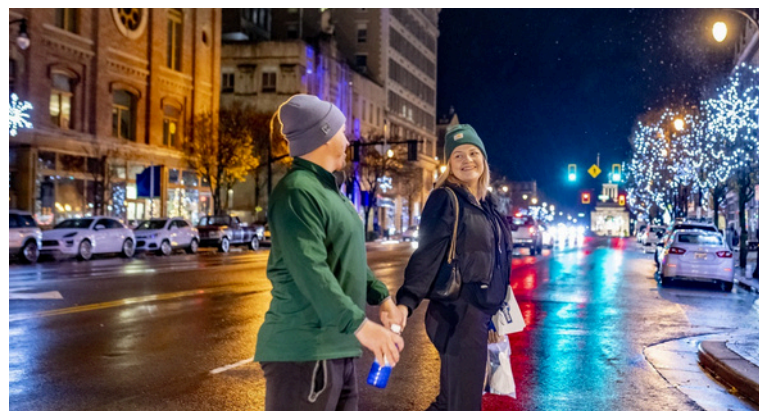
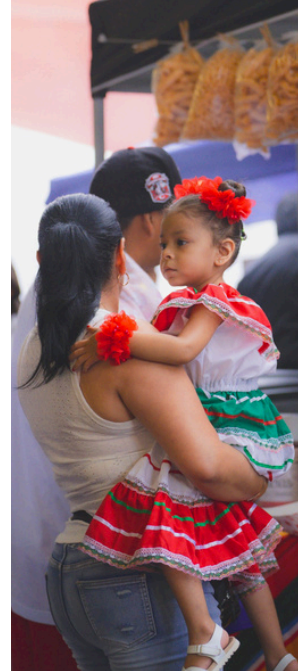
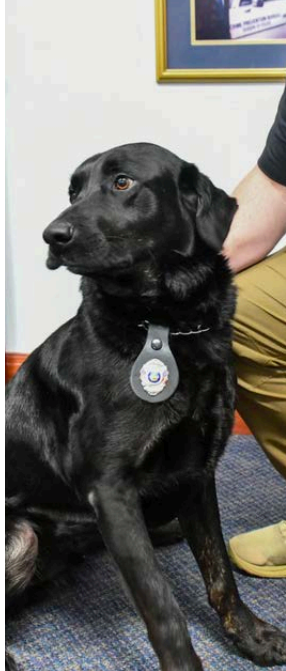
**City of Hamilton
Schedule of Prior Audit Findings
Year Ended December 31, 2024**

2023-001

Finding for Recovery - Overpayments

The City used the incorrect base when calculating retention bonus payments for four employees resulting in overpayments totaling \$825. The City received repayment of the overpayments in May 2024.

Status: Corrected.



2024 ANNUAL REPORT

The Annual Comprehensive Financial Report
for Hamilton, Ohio - Year Ended 12/31/24



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2024

Prepared by:
Department of Finance

David Jones
Finance Director



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INTRODUCTORY SECTION







CITY OF HAMILTON OHIO

Department of Finance

One Renaissance Center
345 High Street, Hamilton Ohio 45011
phone (513) 785-7150 fax (513) 785-7160

June 24, 2025

To the Honorable Mayor, Vice Mayor, City Council and
All Citizens of the City of Hamilton, Ohio:

We are pleased to present this Annual Comprehensive Financial Report for Hamilton, Ohio. This report, for the year ended December 31, 2024, contains the financial statements and other financial and statistical data that provide a complete and full disclosure of all material financial aspects of the City. The responsibility for the accuracy of all data presented and its completeness and fairness of presentation rests with the City of Hamilton's Department of Finance.

This report presents the financial activity of the City in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

The City of Hamilton is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget's Super Circular. Information related to this single audit, including a schedule of federal expenditures, the independent auditors' reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued single audit report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Hamilton's MD&A can be found immediately following the independent auditors' report.

THE REPORTING ENTITY

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, in that they include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

***Letter of Transmittal
For the Year Ended December 31, 2024***

Based on the foregoing, the Hamilton Community Authority (HCA) has been determined to be a component unit of the City. The HCA is a new community authority (NCA) authorized under Chapter 349 of the Ohio Revised Code. NCA's are to be created "for the purpose of encouraging orderly development of well planned, diversified and economically sound new communities and of encouraging the initiative and participation of private enterprise in such undertakings; and encouraging cooperation between the developer and community authority to carry out a new community development program." The reporting entity includes all funds, agencies, boards and commissions that are part of the primary government, along with component units. The primary government includes the financial activities of the Hamilton Civil Service Commission, the Hamilton Board of Health, and the Hamilton Municipal Court.

CITY OVERVIEW

Located thirty miles northwest of Cincinnati, Hamilton encompasses approximately 21.5 square miles and is located within a one-day drive of approximately 65% of the purchasing population in the United States. A network of four interstate highways (71, 74, 75 and 275) and five U.S. and Ohio routes (4, 128, 129, 177 and 127) serve the City.

The City of Hamilton provides a host of traditional municipal services including police and fire protection, health and certain social services, operation of a municipal court, street maintenance and other governmental services. In addition, the City owns and operates four utility systems to serve consumers within the City and certain immediately adjacent environs.

A seven-member Council, elected by voters of the City, governs the City. Council is elected for four-year staggered terms. The Mayor, who is separately elected, is recognized as the official head of the City for all ceremonial purposes and presides at Council meetings. The voters also elect a Municipal Court Judge, who serves a six-year term, to preside over the proceedings of the Hamilton Municipal Court.

City Council appoints the City Manager who is the chief executive officer of the City. The Manager is charged with the proper administration of all affairs of the City. The Manager has the authority to appoint and remove all heads of departments and all subordinate officers and employees of the City and they exercise control over all departments created by the City Council.

RECENT ECONOMIC DEVELOPMENT

Since 2014 alone, more than \$539.6 million has been invested in our community by businesses locating or expanding here, developers renovating our downtown buildings, or through infrastructure upgrades and improvements. In the same period, more than 2,500 jobs have been filled. These numbers are a testament to the strength of our local economy, and they show the optimism of residents and employers. The City's former City Manager, Joshua Smith, played a large role in the revitalization of Hamilton, and we celebrate many prior successes with him. In April 2024, I was appointed City Manager and look to continue the same success that Hamilton has enjoyed over the last decade. To that end, I have formed the Development Department made up of the Finance, Economic Development, and Building departments under the lead of the Executive Director of Development, Aaron Hufford.

***Letter of Transmittal
For the Year Ended December 31, 2024***

Our Economic Development Department hired two new positions to concentrate solely on Hamilton's small businesses and the small business corridor. The small businesses and the small business corridor located on Main Street and High Street have played a large role in Hamilton's revitalization. These businesses have brought back many amenities that were sorely missed in the past.

All of these businesses enhance the quality of life in Hamilton, making it a better place for people to live, work, and shop. New or expanded small businesses in 2024 included:

- Agave & Rye
- Aglamesis Bros
- Good Times Barbers
- Ciao Vino
- Frannie & Joe Bridal
- Bark Hamilton
- Arius & Phos
- Lock & Key Boutique
- Tater Tots Childcare & Learning Center
- Esteem MedSpa
- Stone Tavern
- The 513 Hamilton
- Shooters Sports Bar & Grill
- Washington Event Center
- Polished Hamilton
- Little Chicago Grooming Salon
- Confident & True

***Letter of Transmittal
For the Year Ended December 31, 2024***

In 2024, Coolants Plus received a tax abatement and jobs creation credit from the City along with approval to expand from their leased facility in Lindenwald to a new 104,000-square foot location on Symmes Road. The \$10 million dollar project will allow Coolants Plus to retain 39 full-time employees and create six additional jobs, resulting in a total of 45 jobs and an anticipated annual payroll exceeding \$4.2 million.

Wulco Inc. has announced plans to expand into a vacant space creating 55 new jobs in Hamilton. Specializing in aerospace, Wulco's divisions include Jet Machine and Manufacturing in West Chester and Cincinnati, CIMA Packaging on Eaton Avenue in Hamilton, and NextGen Armor in Butler, PA.

Meyer Brothers and Sons relocated to a newly renovated building in the Jefferson Neighborhood in 2024, marking a significant investment in that area. Meyer Brothers and Sons invested over \$1 million to transform the historic 18,000 square-foot former freight house train depot. The renovation, a key element of the City's vision for revitalizing the Maple Avenue corridor has already had a dramatic visual impact, eliminating blight and replacing the former eyesore with a beautifully restored landmark.

The former city hall along the High Street business corridor and overlooking the Great Miami River is slated to have construction begin in 2025. The former city building will be converted to a 150-room hotel with a Marriott Tribute flag. The anticipated investment is \$62.7 million and the hotel will also be home to Municipal Brew Works, a popular watering hole in Hamilton since 2016.

In 2023, Dublin, Ohio based developer Crawford Hoying announced a planned three-phase development of the former Cohen Recycling plant at North Third and Black Street in Hamilton. The development agreement provided a \$3 million forgivable loan that will be forgiven based on performance metrics over the three phases. The plans call for a \$150 million mixed-use development that will feature retail, housing, and a hotel. Phase one of the planned three-phase project calls for a 120-room hotel, 176 apartments, six town homes, and 5,000 square feet of retail space. Site development could start in the fall of 2025, with the opening of Phase 1 in 2027.

The revitalization of the downtown Anthony Wayne Hotel by developer Vision AWH, LLC was completed in 2024. The renovated hotel is named the Well House Hotel and has a Tapestry Collection by Hilton flag. The \$16 million project turned the former apartment building into a boutique hotel with 54 rooms.

Several proposed upcoming projects in the Lindenwald neighborhood are expected to make significant economic impacts in the area. Bloomfield/Schon, in partnership with the City of Hamilton, is planning to develop the Shuler-Benninghofen Mill on the corner of Pleasant and Williams Avenues. The investment, expected to be north of \$20 million, would bring over 100 new apartment units and retail space to a neglected historic property in Hamilton's most populous neighborhood. In addition, plans are in the works for renovation of the iconic Roemer Hardware building.

***Letter of Transmittal
For the Year Ended December 31, 2024***

INTERNAL ACCOUNTING AND BUDGETARY CONTROLS

The City's budgetary accounting system was designed to provide reasonable, but not absolute, assurances that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states internal controls should be evaluated using the following criteria:

1. The expenditure associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the members of the Finance Department.

It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. The City Manager and the appropriate Department Director submit requisitions for the expenditure of monies to the Director of Finance for certification of funds and preparation of a purchase order after approval. The purchase order is reviewed for the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances, which would exceed the available appropriation, are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year.

The Government Finance Officers Association (GFOA) recommends local governments establish a rainy day fund equal to at least two months operating reserve or 16.7% of annual expenditures. In 2012, City Council enacted Budget and Financial Policies Resolution #R2012-6-25, which requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of annual expenditures. Per this resolution, if the General Fund reserve rises above 16% of General Fund revenues at the fiscal year-end, the amount over 16% can be swept into an Economic Budget Stabilization Fund, which can be expended only through special action by City Council.

In 2024, City income tax receipts remained consistent with 2023 collections, down slightly at .06%, or \$215,409 (all funds) compared to 2023. The City transferred \$2 million from the General Fund to the Economic Budget Stabilization Fund in 2024 for future development, bringing the balance in this fund to \$3.2 million at the end of the year. The City drew down \$3,000,000 from the Economic Budget Stabilization Fund in 2023 for a forgivable loan to Crawford Hoying, a real estate developer in Dublin Ohio. Crawford Hoying closed on the Cohen Recycling site in August 2023, which is directly across the Great Miami River from the Spooky Nook indoor sports complex and hotel. To have the loan forgiven the developer will have to complete all three phases and invest \$150,000,000 into the site.

***Letter of Transmittal
For the Year Ended December 31, 2024***

INDEPENDENT AUDIT

Included in this report is the unmodified audit opinion rendered on the City's financial statements for the year ended December 31, 2024, by Clark, Schaefer, Hackett & Co. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of an Annual Comprehensive Financial Report. This annual independent audit serves to maintain and strengthen the City's accounting and budgetary controls.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hamilton for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2023. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to program standards.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA.

ACKNOWLEDGEMENTS

The City of Hamilton is proud to be submitting this Annual Comprehensive Financial Report, which is the result of the continued cooperation and combined efforts of the City's Finance Department staff. Special thanks to Assistant Finance Director Matthew McKinney and his staff for their outstanding work which created this document.

The support of the Hamilton City Council was essential in the successful preparation and issuance of this report.



Craig Bucheit
City Manager



David C. Jones, CPA
Director of Finance

CITY OF HAMILTON, OHIO

List of Principal Officials For the Year Ended December 31, 2024

ELECTED OFFICIALS

Pat Moeller
Eric Pohlman
Michael Ryan
Carla Fiehrer
Joel Lauer
Susan Vaughn
Timothy Naab
Daniel J. Gattermeyer, Judge

OFFICE

Mayor
Vice Mayor
Council Member
Council Member
Council Member
Council Member
Council Member
Municipal Court

ADMINISTRATIVE PERSONNEL

Craig Bucheit
Liz Hayden
Edwin Porter, P.E.
J. Scott Scrimizzi
Brandon Saurber
Aaron Hufford
David Jones, CPA
Letitia Block
Ken Carrier
Jeanne Pope
Trent Chenoweth (Acting)
Thomas Eickelberger
Jody Gunderson
Adam Helms
Kenneth Rivera
Cindy Hogg
Bill Hudson
Allen Messer, P.E.
Dan Arthur, P.E.
Rich Engle, P.E.
Daniel Tidyman

TITLE

City Manager
Executive Director of Neighborhood Services
Executive Director of Infrastructure Services
Executive Director of Public Safety
Executive Director of Strategy & Personnel
Executive Director of Development
Director of Finance
Director of Law
Director of Strategy & Information
Director of Civil Service and Personnel
Police Chief
Fire Chief
Director of Economic Development
Director of Resident Services
Director of Building
Director of Health
Director of Utility Operations
Director of Engineering
Director of Public Works
Director of Special Projects
City Clerk

CITY OF HAMILTON, OHIO

City Organizational Chart For the Year Ended December 31, 2024



*Government Finance Officers Association of the United States and Canada
Certificate of Achievement for Excellence in Financial Reporting*



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Hamilton
Ohio**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Hamilton, Ohio:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Hamilton, Ohio, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows and the respective budgetary comparisons for the General Fund and Health Department Fund 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information, as identified 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2025



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

Unaudited

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

FINANCIAL HIGHLIGHTS

Key (***GAAP Basis***) financial highlights for 2024 are as follows:

- ❑ In total, net position increased \$23,872,090. Net position of governmental activities increased \$14,828,796, or 13%. Net position of business-type activities increased \$9,043,294, or 3%.
- ❑ General revenues accounted for \$69,695,708 in revenue or 28% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$179,915,744, or 72%, of total revenues of \$249,611,452.
- ❑ The City had \$85,623,038 in expenses related to governmental activities; \$35,374,498 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$65,257,336 were adequate to provide for these programs.
- ❑ The general fund had \$53,867,661 in revenues and \$47,858,512 in expenditures. The general fund's fund balance increased from \$35,126,419 to \$36,557,995.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Required supplemental information is also presented, which provides additional data regarding the net pension and OPEB liabilities/assets.

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

Unaudited

Government-wide Statements

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

The two government-wide statements report the City's net position and how it has changed. Net-position is one way to measure the City's financial health.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

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

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

Fund Financial Statements

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements. The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

CITY OF HAMILTON, OHIO

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

Unaudited

Proprietary Funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its gas, electric, water and wastewater operations. All enterprise funds are reported as major funds in the proprietary funds Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position.

Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet management services and costs of certain goods or services provided to other departments or agencies of the City.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Net Position and Statement of Changes in Net Position. Individual fund data for each of these funds is provided in the form of combining statements elsewhere in this report.

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CITY OF HAMILTON, OHIO

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

Unaudited

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial health. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$396,386,688 (\$127,243,716 in governmental activities and \$269,142,972 in business type activities) as of December 31, 2024. The largest portion of the City's net position (\$312,399,393) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The table below provides a summary of the City's statement of net position for 2024 compared to 2023.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$152,564,538	\$166,941,169	\$138,898,667	\$125,158,873	\$291,463,205	\$292,100,042
Net OPEB Asset	593,244	0	1,101,036	0	1,694,280	0
Capital assets, Net	194,166,502	161,675,089	303,266,256	308,472,472	497,432,758	470,147,561
Total Assets	347,324,284	328,616,258	443,265,959	433,631,345	790,590,243	762,247,603
Deferred Outflows of Resources	28,329,153	36,465,843	11,535,783	17,655,960	39,864,936	54,121,803
Net Pension Liability	85,214,868	88,310,640	30,881,415	35,223,823	116,096,283	123,534,463
Net OPEB Liability	5,182,410	5,601,968	0	772,370	5,182,410	6,374,338
Total OPEB Liability	156,835	150,959	627,340	603,836	784,175	754,795
Other Long-term Liabilities	88,175,980	88,254,167	117,952,769	120,236,579	206,128,749	208,490,746
Other Liabilities	45,614,507	43,965,179	34,642,961	30,818,660	80,257,468	74,783,839
Total Liabilities	224,344,600	226,282,913	184,104,485	187,655,268	408,449,085	413,938,181
Deferred Inflows of Resources	24,065,121	22,965,867	1,554,285	1,727,141	25,619,406	24,693,008
Net Position						
Net Investment in Capital Assets	126,955,873	107,106,582	185,443,520	191,848,830	312,399,393	298,955,412
Restricted	44,997,246	37,014,344	12,172,879	11,144,901	57,170,125	48,159,245
Unrestricted (Deficit)	(44,709,403)	(28,287,605)	71,526,573	58,911,165	26,817,170	30,623,560
Total Net Position	\$127,243,716	\$115,833,321	\$269,142,972	\$261,904,896	\$396,386,688	\$377,738,217

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current year, this represented \$57,170,125.

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

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

Unaudited

The following discussion pertains to the Net Pension and Net OPEB liabilities (asset) reported in the City's financial statements as a result of the City's participation in the Ohio Public Employee's Retirement System and Ohio Police and Fire Pension Fund. The Total OPEB liability reported in the City's financial statements reflects OPEB benefits provided by the City through a Retiree Life Insurance plan. See Note 11 for more information on this plan.

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

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

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

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

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

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

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

Unaudited

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

Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

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CITY OF HAMILTON, OHIO

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

Unaudited

Change in Net Position – The following table shows the change in net position for 2024 compared with 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for Services and Sales	\$22,205,635	\$19,702,363	\$143,548,607	\$133,448,626	\$165,754,242	\$153,150,989
Operating Grants and Contributions	7,385,404	10,585,425	0	0	7,385,404	10,585,425
Capital Grants and Contributions	5,783,459	4,247,487	992,639	0	6,776,098	4,247,487
Total Program Revenues	35,374,498	34,535,275	144,541,246	133,448,626	179,915,744	167,983,901
General Revenues:						
Property Taxes	15,476,726	12,384,009	0	0	15,476,726	12,384,009
Income Taxes	37,113,258	38,494,969	0	0	37,113,258	38,494,969
Other Local Taxes	3,326,082	3,228,277	0	0	3,326,082	3,228,277
Intergovernmental, Unrestricted	3,297,160	2,951,724	0	0	3,297,160	2,951,724
Investment Earnings	3,419,102	4,586,929	4,438,372	4,066,729	7,857,474	8,653,658
Miscellaneous	2,625,008	2,872,089	0	0	2,625,008	2,872,089
Total General Revenues	65,257,336	64,517,997	4,438,372	4,066,729	69,695,708	68,584,726
Total Revenues	100,631,834	99,053,272	148,979,618	137,515,355	249,611,452	236,568,627
Program Expenses						
General Government	10,902,992	11,433,689	0	0	10,902,992	11,433,689
Security of Persons and Property	42,718,102	41,136,958	0	0	42,718,102	41,136,958
Leisure Time Activities	2,532,738	2,265,405	0	0	2,532,738	2,265,405
Community Environment	5,043,219	6,359,391	0	0	5,043,219	6,359,391
Basic Utility Services	8,377,519	6,850,578	0	0	8,377,519	6,850,578
Transportation	11,090,974	7,737,256	0	0	11,090,974	7,737,256
Public Health and Welfare Services	960,082	993,463	0	0	960,082	993,463
Interest and Fiscal Charges	3,997,412	4,132,743	0	0	3,997,412	4,132,743
Gas Utility	0	0	18,039,348	17,653,720	18,039,348	17,653,720
Electric Utility	0	0	88,478,799	85,873,247	88,478,799	85,873,247
Water Utility	0	0	19,723,656	18,014,796	19,723,656	18,014,796
Wastewater Utility	0	0	13,874,521	13,674,621	13,874,521	13,674,621
Total Expenses	85,623,038	80,909,483	140,116,324	135,216,384	225,739,362	216,125,867
Change in Net Position						
Before Transfers	15,008,796	18,143,789	8,863,294	2,298,971	23,872,090	20,442,760
Transfers	(180,000)	(2,256,385)	180,000	2,256,385	0	0
Total Change in Net Position	14,828,796	15,887,404	9,043,294	4,555,356	23,872,090	20,442,760
Net Position as Previously Reported	115,833,321	99,945,917	261,904,896	257,349,540	377,738,217	357,295,457
Change in Accounting Principle	(3,418,401)	0	(1,805,218)	0	(5,223,619)	0
Beginning Net Position - Restated	112,414,920	99,945,917	260,099,678	257,349,540	372,514,598	357,295,457
Ending Net Position	\$127,243,716	\$115,833,321	\$269,142,972	\$261,904,896	\$396,386,688	\$377,738,217

CITY OF HAMILTON, OHIO

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

Unaudited

Governmental Activities

Governmental activities net position increased \$14,828,796, or 13% during 2024. An increase in charges for services can mostly be attributed to opioid settlement receipts. The City utilized a significant amount of motor vehicle tax collections held by the County in the prior year, resulting in a subsequent decrease in operating grants in 2024. Also contributing to a decrease in operating grants was amounts received in the prior year from the State of Ohio for the Rivers Edge Amphitheater project and Shuler-Benninghofen development.

An increase in the assessed value of taxable property as well as property taxes received as a result of a tax increment financing agreement for the Champions Mill Sports Complex project resulted in an increase in property tax receipts.

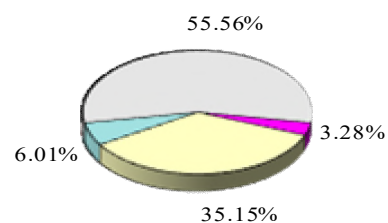
A decrease in investment earnings can be attributed to changes in the fair value of investments.

An overall increase in expenses can be attributed to increases in transportation and basic utility services due to multiple street improvement projects which included noncapitalized costs.

The City receives an income tax, which is based on 2% of all salaries, wages, commissions and other compensation and on net profits earned from residents and businesses located within the City.

Income taxes and property taxes made up 37% and 15%, respectively, of revenues for governmental activities in 2024. The City's reliance upon tax revenues is demonstrated by the following graph indicating 56% of total revenues from general tax revenues:

Revenue Sources	2024	Percent of Total
General Tax Revenues	\$55,916,066	55.56%
Intergovernmental, Unrestricted	3,297,160	3.28%
Program Revenues	35,374,498	35.15%
General Other	6,044,110	6.01%
Total Revenue	<u>\$100,631,834</u>	<u>100.00%</u>



Business-Type Activities

Net position of business-type activities increased \$9,043,294. This represents a 3% change from the prior year and can mostly be attributed to an increase in charges for services. A detailed explanation of changes for each utility within business-type activities can be found in the enterprise funds discussion below.

CITY OF HAMILTON, OHIO

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

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

The City's governmental funds reported a combined fund balance of \$82,100,201, which is a decrease from last year's balance of \$100,854,512. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2024 and 2023:

	Fund Balance December 31, 2024	Fund Balance December 31, 2023	Increase (Decrease)
General	\$36,557,995	\$35,126,419	\$1,431,576
Health Department	3,467	15,678	(12,211)
Hamilton Capital Improvement	34,123,724	32,822,872	1,300,852
Criminal Justice Center Construction	(22,653,719)	(4,460,956)	(18,192,763)
Other Governmental	34,068,734	37,350,499	(3,281,765)
Total	<u>\$82,100,201</u>	<u>\$100,854,512</u>	<u>(\$18,754,311)</u>

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

	2024 Revenues	2023 Revenues	Increase (Decrease)
Income Taxes	\$29,149,489	\$29,601,361	(\$451,872)
Property and Other Local Taxes	6,737,128	5,912,137	824,991
Intergovernmental Revenues	5,356,798	4,011,538	1,345,260
Charges for Services	7,158,393	6,965,609	192,784
Licenses and Permits	1,337,886	1,021,747	316,139
Investment Earnings	2,283,763	2,373,732	(89,969)
Fines and Forfeitures	662,971	577,867	85,104
All Other Revenue	1,181,233	603,208	578,025
Total	<u>\$53,867,661</u>	<u>\$51,067,199</u>	<u>\$2,800,462</u>

General Fund revenues increased \$2,800,462, or approximately 5%, when compared with the previous year. An increase in the assessed value of taxable property resulted in an increase in property tax revenue. An increase in intergovernmental revenues can be attributed to various public safety grants.

CITY OF HAMILTON, OHIO

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

	2024 Expenditures	2023 Expenditures	Increase (Decrease)
General Government	\$9,311,798	\$7,936,067	\$1,375,731
Security of Persons and Property	33,768,544	30,016,838	3,751,706
Leisure Time Activities	1,959,467	1,590,000	369,467
Community Environment	917,785	702,907	214,878
Basic Utility Services	452,249	267,202	185,047
Debt Service:			
Principal Retirement	568,572	576,803	(8,231)
Interest and Fiscal Charges	880,097	898,981	(18,884)
Total	<u>\$47,858,512</u>	<u>\$41,988,798</u>	<u>\$5,869,714</u>

General Fund expenditures increased \$5,869,714, or approximately 14% from the prior year. An increase in general government can be attributed to an increase in the overall cost of goods and services. An increase in wages and benefits as well as a decrease in reimbursements from other funds resulted in an increase in security of persons and property.

Health Department Fund – The City's Health Department Fund remained stable, decreasing from a balance of \$15,678 to \$3,467. Public health expenditures of \$925,504 were funded by grants, charges for services, licenses and permits, and transfers in from the general fund.

Hamilton Capital Improvement Fund – The City's Capital Improvement Fund balance increased 4% in 2024. Expenditures included outlays for building improvements, infrastructure improvements, and various equipment purchases, which were funded by various grants.

Criminal Justice Center Construction Fund – The Criminal Justice Center Construction Fund reported \$19.5 million in outlays for construction of a new justice center. Funding for the project consists of \$23 million in note proceeds and \$9.8 million of transfers from the General Fund.

Other Governmental Funds – The City's Other Governmental Funds reported a decrease in fund balance of \$3,281,765, or 9%. The most significant changes in revenue was an increase in property tax receipts and a decrease in intergovernmental revenues. The increase in property taxes was driven by an increase in the assessed value of property while the decrease in intergovernmental revenue was due to a large draw down of motor vehicle tax held by the County in the prior year as well as State grants received in the previous year.

An overall increase in expenditures can be attributed to outlays for construction of a Justice Center and a new fire station, as well as other various machinery and equipment.

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

Unaudited

Enterprise Funds

Net position of the gas fund remained stable, decreasing \$138,749 or less than 1%. An increase in customer rates was effective April 2024, which resulted in an increase in revenues. Expenses were consistent with the prior year.

Net position of the electric fund increased 5%. An increase in revenues was driven primarily by increased consumption, particularly in industrial usage. An increase in expenses was due to an increase in various contractual costs, most notably tree trimming expense.

Net position of the water fund remained stable, increasing \$508,920 or less than 1%. An increase in customer rates was effective January 2024, which resulted in an increase in revenues. Expenses were consistent with the prior year.

Net position of the wastewater fund increased 4%. An increase in customer rates was effective January 2024, which resulted in an increase in revenues. Expenses were consistent with the prior year.

Budgetary

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2024 the City amended its General Fund budget several times.

For the General Fund, final budgeted revenues were 12% higher than original estimates due to increases in intergovernmental revenues, charges for services, and investment earnings. Actual budget basis receipts were 7% less than final estimates due mostly to changes in reimbursements from public safety funds. Final appropriations were 7% greater than original estimates due mostly to an increase in amounts budgeted for various community initiatives. Actual budget basis expenditures were 8% less than final estimates.

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CITY OF HAMILTON, OHIO

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

CAPITAL ASSETS AND DEBT ADMINISTRATION**Capital Assets**

At the end of 2024, the City had \$497,432,758 invested in land, construction in progress, buildings, improvements, infrastructure, and machinery and equipment, net of accumulated depreciation. Of this total, \$194,166,502 was related to governmental activities and \$303,266,256 to the business-type activities. The following tables show 2024 and 2023 balances:

	Governmental Activities		Increase (Decrease)
	2024	2023	
Land	\$23,527,335	\$23,527,335	\$0
Construction In Progress	72,300,825	46,608,400	25,692,425
Buildings and Improvements	52,710,560	52,670,092	40,468
Leased Buildings	144,726	144,726	0
Machinery and Equipment	39,156,772	37,979,699	1,177,073
SBITA	98,948	98,948	0
Leased Equipment	211,783	211,783	0
Infrastructure	211,602,117	200,279,804	11,322,313
Less: Accumulated Depreciation	(205,586,564)	(199,845,698)	(5,740,866)
Totals	<u>\$194,166,502</u>	<u>\$161,675,089</u>	<u>\$32,491,413</u>

Construction in progress increased due to the ongoing construction of the Justice Center and a new Fire Station. There were also several intersection improvement projects underway.

Buildings and improvements increased due to the construction of a loading dock at the Fire Station.

Machinery and equipment increased due to the purchase of a street sweeper and a milling machine. A dump truck and asphalt roller were also purchased.

Infrastructure increased due to the completion of several street resurfacing projects and improvements near the Spooky Nook sports complex.

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CITY OF HAMILTON, OHIO

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

Unaudited

	Business-Type Activities		Increase (Decrease)
	2024	2023	
Land	\$10,815,289	\$10,815,289	\$0
Construction in Progress	30,646,859	33,405,039	(2,758,180)
Intangible Capital Assets	1,070,786	1,070,786	0
SBITA	505,679	505,679	0
Buildings and Improvements	140,908,792	140,908,792	0
Machinery and Equipment	729,877,284	716,769,661	13,107,623
Less: Accumulated Depreciation	(610,558,433)	(595,002,774)	(15,555,659)
Totals	<u>\$303,266,256</u>	<u>\$308,472,472</u>	<u>(\$5,206,216)</u>

Construction in progress decreased due to the completion of a water main project, sanitary sewer lining projects and utility improvements near the Spooky Nook sports complex.

Machinery and equipment increased due to the purchase of several utility vehicles and improvements near the Spooky Nook sports complex. Electric purchased several transformers and relay testing equipment. Water reclamation purchased a sewer line inspection van and the storeroom purchased a new forklift.

Additional information on the City's capital assets can be found in Note 9.

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CITY OF HAMILTON, OHIO

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

Debt and Other Long-Term Obligations

The following table summarizes the City's debt and other long-term obligations outstanding as of December 31, 2024 and 2023:

	2024	2023
Governmental Activities:		
General Obligation Bonds	\$11,894,701	\$13,561,561
Special Obligation Non-Tax Revenue Bonds	31,160,000	31,740,000
Income Tax Revenue Bonds	6,008,106	6,467,860
OWDA Loans	5,867,468	6,043,817
Installment Loans	22,127,332	22,456,396
Leases Payable	104,102	194,404
SBITA	56,716	78,516
Claims Payable	2,800,000	3,150,000
Compensated Absences	8,157,555	4,561,613
Total Governmental Activities	<u>88,175,980</u>	<u>88,254,167</u>
Business-Type Activities:		
Mortgage Revenue Bonds	95,780,884	101,409,153
General Obligation Bonds	420,000	445,000
OWDA Loans	2,709,963	2,247,498
OPWC Loans	13,266,926	12,153,566
Installment Loan	0	127,976
SBITA	271,478	405,379
Compensated Absences	5,503,518	3,448,007
Total Business-Type Activities	<u>117,952,769</u>	<u>120,236,579</u>
Totals	<u>\$206,128,749</u>	<u>\$208,490,746</u>

Under state law, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2024, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

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

Unaudited

ECONOMIC FACTORS

The City's Budget and Financial Policies Resolution R2012-6-25 requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of budgeted expenditures. Per this resolution, if the General Fund reserve rises above 16% of General Fund revenues at the fiscal year-end, the amount over 16% may be swept into an Economic Budget Stabilization Fund, which can be expended only through special action by City Council. The 2024 unencumbered General Fund cash was \$7,835,487 (non-GAAP), or 12.72% of 2024 General Fund revenues.

In 2024, City income tax receipts remained consistent with 2023 collections, down slightly at .06%, or \$215,409 (all funds) compared to 2023. The City transferred \$2,000,000 from the General Fund to the Economic Budget Stabilization Fund for future development. The City drew down \$3,000,000 from the Economic Budget Stabilization Fund in 2023 for a forgivable loan to Crawford Hoying, a real estate developer in Dublin Ohio. Crawford Hoying closed on the Cohen Recycling site in August 2023, which is directly across the Great Miami River from the Spooky Nook indoor sports complex and hotel. To have the loan forgiven the developer will have to complete all three phases and invest \$150,000,000 into the site.

The GFOA recommends governments adopt rigorous policies for all operating funds to achieve and maintain a structurally balanced budget. The policy should include parameters for achieving and maintaining structural balance where recurring revenues are equal to or greater than recurring expenditures in the adopted budget. City Council Resolution 2012-6-25 sets forth these policies. The 2025 General Fund Adopted Budget is structurally balanced, and the first quarter of 2025 has started out strong.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, creditors, investors and elected officials with a general overview of the City's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the Office of the City of Hamilton Finance Director, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

CITY OF HAMILTON, OHIO

Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total	Component Unit Hamilton Community Authority
Assets:				
Equity in Pooled Cash and Investments	\$ 67,299,110	\$ 104,932,880	\$ 172,231,990	\$ 0
Cash and Investments	0	0	0	5,429,187
Receivables:				
Taxes	24,553,111	0	24,553,111	0
Accounts	3,162,239	18,039,927	21,202,166	24,792
Due From Other Governments	3,391,723	0	3,391,723	0
Interest	174,549	580,193	754,742	178,919
Special Assessments	373,270	0	373,270	0
Settlement	1,259,597	0	1,259,597	0
Loans	35,878,838	0	35,878,838	21,875,000
Leases	3,505,755	92,014	3,597,769	0
Due from Primary Government	0	0	0	32,950,344
Inventory of Supplies at Cost	127,531	2,859,698	2,987,229	0
Prepaid Items	415,764	1,322,112	1,737,876	0
Restricted Assets:				
Cash and Investments	7,000,000	11,071,843	18,071,843	0
Cash with Fiscal Agent	5,423,051	0	5,423,051	0
Net OPEB Asset	593,244	1,101,036	1,694,280	0
Non-Depreciable Capital Assets	95,828,160	41,462,148	137,290,308	0
Depreciable Capital Assets, Net	98,338,342	261,804,108	360,142,450	0
Total Assets	347,324,284	443,265,959	790,590,243	60,458,242
Deferred Outflows of Resources:				
Deferred Charge on Debt Refunding	32,152	845,884	878,036	0
Pension	24,919,778	9,682,615	34,602,393	0
OPEB	3,377,223	1,007,284	4,384,507	0
Total Deferred Outflows of Resources	28,329,153	11,535,783	39,864,936	0
Liabilities:				
Accounts Payable	3,616,490	7,573,300	11,189,790	3,909
Accrued Wages and Benefits	1,961,001	1,327,546	3,288,547	0
Intergovernmental Payable	613,924	288,131	902,055	0
Payroll Withholding Payable	423,306	0	423,306	0
Claims Payable	853,507	0	853,507	0
Due to Others	664,249	0	664,249	0
Accrued Liabilities	310,614	1,513	312,127	0
Customer Deposits	2,440	3,240,752	3,243,192	0
Due to Hamilton Community Authority	2,313,242	0	2,313,242	0
Unearned Revenue	0	3,000,000	3,000,000	0
Accrued Interest Payable	905,734	911,719	1,817,453	555,904
General Obligation Notes Payable	33,950,000	18,300,000	52,250,000	0
Long-Term Liabilities:				
Due Within One Year:				
Total OPEB Liability	11,202	44,808	56,010	0
Other Amounts Due Within One Year	5,659,564	8,625,734	14,285,298	1,325,000
Due in More Than One Year:				
Net Pension Liability	85,214,868	30,881,415	116,096,283	0
Net OPEB Liability	5,182,410	0	5,182,410	0
Total OPEB Liability	145,633	582,532	728,165	0
Other Amounts Due in More Than One Year	82,516,416	109,327,035	191,843,451	97,681,384
Total Liabilities	224,344,600	184,104,485	408,449,085	99,566,197

(Continued)

CITY OF HAMILTON, OHIO

Statement of Net Position
December 31, 2024

	Governmental Activities	Business-Type Activities	Total	Component Unit Hamilton Community Authority
Deferred Inflows of Resources:				
Property Tax Levy for Next Fiscal Year	11,871,488	0	11,871,488	0
Leases	3,402,950	89,338	3,492,288	0
Pension	3,755,909	477,871	4,233,780	0
OPEB	5,034,774	987,076	6,021,850	0
Total Deferred Inflows of Resources	24,065,121	1,554,285	25,619,406	0
Net Position:				
Net Investment in Capital Assets	126,955,873	185,443,520	312,399,393	0
Restricted For:				
OPEB	593,244	1,101,036	1,694,280	0
Debt Service	0	2,071,843	2,071,843	0
Capital Projects	5,654,684	0	5,654,684	0
Community Environment	536,004	0	536,004	0
General Government	803,996	0	803,996	0
Public Health and Welfare Services	1,964,647	0	1,964,647	0
Security of Persons and Property	21,575,871	0	21,575,871	0
Streets	6,793,219	0	6,793,219	0
Nonexpendable Endowments	75,581	0	75,581	0
Champions Mill Inter-creditor Agreement	7,000,000	0	7,000,000	0
Rate Stabilization	0	9,000,000	9,000,000	0
Unrestricted	(44,709,403)	71,526,573	26,817,170	(39,107,955)
Total Net Position	\$ 127,243,716	\$ 269,142,972	\$ 396,386,688	\$ (39,107,955)

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities For the Year Ended December 31, 2024

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
		Services and	and	and
	Expenses	Sales	Contributions	Contributions
Governmental Activities:				
General Government	\$ 10,902,992	\$ 5,791,809	\$ 200,000	\$ 0
Security of Persons and Property	42,718,102	4,023,448	0	0
Leisure Time Activities	2,532,738	21,044	0	0
Community Environment	5,043,219	574,142	1,290,693	0
Basic Utility Services	8,377,519	8,459,814	0	0
Transportation	11,090,974	1,297,661	3,607,780	5,783,459
Public Health and Welfare Services	960,082	2,037,717	2,286,931	0
Interest on Long Term Debt	3,997,412	0	0	0
Total Governmental Activities	85,623,038	22,205,635	7,385,404	5,783,459
Business-Type Activities:				
Gas Utility	18,039,348	17,680,506	0	0
Electric Utility	88,478,799	93,143,631	0	0
Water Utility	19,723,656	18,276,660	0	992,639
Wastewater Utility	13,874,521	14,447,810	0	0
Total Business-Type Activities	140,116,324	143,548,607	0	992,639
Total Primary Government	\$ 225,739,362	\$ 165,754,242	\$ 7,385,404	\$ 6,776,098
Component Unit:				
Hamilton Community Authority	\$ 5,141,156	\$ 1,514,352	\$ 4,266,403	\$ 0

General Revenues and Transfers

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Purposes

Income Tax

Other Local Taxes

Intergovernmental, Unrestricted

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position as Previously Reported

Change in Accounting Principle (GASB Statement 101)

Net Position Beginning of Year as Restated

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Activities
For the Year Ended December 31, 2024

Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Hamilton Community Authority
\$ (4,911,183)	\$ 0	\$ (4,911,183)	
(38,694,654)	0	(38,694,654)	
(2,511,694)	0	(2,511,694)	
(3,178,384)	0	(3,178,384)	
82,295	0	82,295	
(402,074)	0	(402,074)	
3,364,566	0	3,364,566	
(3,997,412)	0	(3,997,412)	
<u>(50,248,540)</u>	<u>0</u>	<u>(50,248,540)</u>	
0	(358,842)	(358,842)	
0	4,664,832	4,664,832	
0	(454,357)	(454,357)	
0	573,289	573,289	
<u>0</u>	<u>4,424,922</u>	<u>4,424,922</u>	
<u>\$ (50,248,540)</u>	<u>\$ 4,424,922</u>	<u>\$ (45,823,618)</u>	
			<u>\$ 639,599</u>
3,594,297	0	3,594,297	0
8,494,886	0	8,494,886	0
3,387,543	0	3,387,543	0
37,113,258	0	37,113,258	0
3,326,082	0	3,326,082	0
3,297,160	0	3,297,160	0
3,419,102	4,438,372	7,857,474	277,951
2,625,008	0	2,625,008	0
(180,000)	180,000	0	0
<u>65,077,336</u>	<u>4,618,372</u>	<u>69,695,708</u>	<u>277,951</u>
14,828,796	9,043,294	23,872,090	917,550
115,833,321	261,904,896	377,738,217	(40,025,505)
<u>(3,418,401)</u>	<u>(1,805,218)</u>	<u>(5,223,619)</u>	<u>0</u>
<u>112,414,920</u>	<u>260,099,678</u>	<u>372,514,598</u>	<u>(40,025,505)</u>
<u>\$ 127,243,716</u>	<u>\$ 269,142,972</u>	<u>\$ 396,386,688</u>	<u>\$ (39,107,955)</u>

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2024

	General	Health Department	Hamilton Capital Improvement	Criminal Justice Center Construction
Assets:				
Equity in Pooled Cash and Investments	\$ 14,662,770	\$ 3,467	\$ 9,117,138	\$ 385,648
Receivables:				
Taxes	10,938,930	0	895,981	0
Accounts	421,518	0	1,258,750	0
Intergovernmental	1,195,238	0	0	0
Interest	105,788	0	0	0
Special Assessments	0	0	0	0
Settlement	0	0	0	0
Loans	4,000,000	0	28,196,573	0
Leases	3,482,767	0	0	0
Interfund Receivable	5,123,568	0	0	0
Inventory of Supplies, at Cost	68,062	0	0	0
Prepaid Items	355,294	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	7,000,000	0	0	0
Cash and Cash Equivalents with Fiscal Agent	5,423,051	0	0	0
Total Assets	\$ 52,776,986	\$ 3,467	\$ 39,468,442	\$ 385,648
Liabilities:				
Accounts Payable	\$ 1,121,791	\$ 0	\$ 521,642	\$ 8,700
Accrued Wages and Benefits Payable	1,714,574	0	0	0
Intergovernmental Payable	517,379	0	0	0
Payroll Withholding Payable	423,306	0	0	0
Claims Payable	1,203,507	0	0	0
Due to Others	0	0	664,249	0
Accrued Liabilities	240,726	0	31,061	0
Customer Deposits	0	0	0	0
Interfund Payable	0	0	0	0
Due to Hamilton Community Authority	48,833	0	0	0
Accrued Interest Payable	0	0	3,333	30,667
General Obligation Notes Payable	0	0	2,500,000	23,000,000
Total Liabilities	5,270,116	0	3,720,285	23,039,367

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2024

	Other Governmental Funds	Total Governmental Funds
Assets:		
Equity in Pooled Cash and Investments	\$ 43,111,676	\$ 67,280,699
Receivables:		
Taxes	12,718,200	24,553,111
Accounts	1,481,971	3,162,239
Intergovernmental	2,196,485	3,391,723
Interest	68,761	174,549
Special Assessments	373,270	373,270
Settlement	1,259,597	1,259,597
Loans	3,682,265	35,878,838
Leases	22,988	3,505,755
Interfund Receivable	0	5,123,568
Inventory of Supplies, at Cost	28,325	96,387
Prepaid Items	60,470	415,764
Restricted Assets:		
Cash and Cash Equivalents	0	7,000,000
Cash and Cash Equivalents with Fiscal Agent	0	5,423,051
Total Assets	\$ 65,004,008	\$ 157,638,551
Liabilities:		
Accounts Payable	\$ 1,748,652	\$ 3,400,785
Accrued Wages and Benefits Payable	191,751	1,906,325
Intergovernmental Payable	85,840	603,219
Payroll Withholding Payable	0	423,306
Claims Payable	0	1,203,507
Due to Others	0	664,249
Accrued Liabilities	38,827	310,614
Customer Deposits	2,440	2,440
Interfund Payable	5,045,178	5,045,178
Due to Hamilton Community Authority	2,264,409	2,313,242
Accrued Interest Payable	11,266	45,266
General Obligation Notes Payable	8,450,000	33,950,000
Total Liabilities	17,838,363	49,868,131

(Continued)

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2024

	General	Health Department	Hamilton Capital Improvement	Criminal Justice Center Construction
Deferred Inflows of Resources:				
Unavailable Amounts	4,032,240	0	1,624,433	0
Property Tax Levy for Next Fiscal Year	3,536,001	0	0	0
Leases	3,380,634	0	0	0
Total Deferred Inflows of Resources	10,948,875	0	1,624,433	0
Fund Balance:				
Nonspendable	4,430,016	0	0	0
Restricted	7,000,000	3,467	34,123,724	0
Committed	0	0	0	0
Assigned	5,128,534	0	0	0
Unassigned	19,999,445	0	0	(22,653,719)
Total Fund Balance	36,557,995	3,467	34,123,724	(22,653,719)
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 52,776,986	\$ 3,467	\$ 39,468,442	\$ 385,648

CITY OF HAMILTON, OHIO

Balance Sheet
Governmental Funds
December 31, 2024

	Other Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources:		
Unavailable Amounts	4,739,108	10,395,781
Property Tax Levy for Next Fiscal Year	8,335,487	11,871,488
Leases	22,316	3,402,950
Total Deferred Inflows of Resources	13,096,911	25,670,219
Fund Balance:		
Nonspendable	163,795	4,593,811
Restricted	28,324,696	69,451,887
Committed	3,816,083	3,816,083
Assigned	4,662,048	9,790,582
Unassigned	(2,897,888)	(5,552,162)
Total Fund Balance	34,068,734	82,100,201
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 65,004,008	\$ 157,638,551

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

Total Governmental Fund Balances		\$ 82,100,201
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		193,956,586
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		10,395,781
The net pension and OPEB liabilities are not due and payable in the current period, and the net OPEB asset is not an expendable financial resource; therefore, the liabilities/asset and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	24,540,062	
Deferred Inflows - Pension	(3,735,867)	
Net Pension Liability	(84,003,818)	
Deferred Outflows - OPEB	3,340,176	
Deferred Inflows - OPEB	(5,010,067)	
Net OPEB Liability	(5,182,410)	
Net OPEB Asset	550,067	
Total OPEB Liability	<u>(156,835)</u>	(69,658,692)
Internal service funds are used by management to charge back costs of services to individual funds. The assets, liabilities, and deferred outflows/inflows of the Fleet Maintenance Fund are included in governmental activities in the statement of net position.		(1,085,584)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Deferred Loss on Refunding	32,152	
General Obligation Bonds Payable	(11,695,000)	
Special Obligation Non-Tax Revenue Bonds Payable	(31,160,000)	
Bond Premium	(199,701)	
Income Tax Revenue Bonds	(6,008,106)	
Ohio Water Development Authority Loans	(5,867,468)	
Installment Loans Payable	(22,127,332)	
Leases Payable	(104,102)	
SBITA Payable	(56,716)	
Claims Payable	(2,450,000)	
Compensated Absences Payable	(7,967,835)	
Accrued Interest Payable	<u>(860,468)</u>	(88,464,576)
<i>Net Position of Governmental Activities</i>		<u>\$ 127,243,716</u>

See accompanying notes to the basic financial statements



CITY OF HAMILTON, OHIO

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

	General	Health Department	Hamilton Capital Improvement	Criminal Justice Center Construction
Revenues:				
Income Taxes	\$ 29,149,489	\$ 0	\$ 3,743,664	\$ 0
Property and Other Local Taxes	6,737,128	0	0	0
Intergovernmental Revenues	5,356,798	181,116	2,961,613	0
Charges for Services	7,158,393	240,503	0	0
Licenses and Permits	1,337,886	198,890	0	0
Investment Earnings	2,283,763	311	78,910	444,507
Special Assessments	0	0	0	0
Fines and Forfeitures	662,971	0	0	0
All Other Revenue	1,181,233	1,478	982,850	104,167
Total Revenues	53,867,661	622,298	7,767,037	548,674
Expenditures:				
Current:				
General Government	9,311,798	0	0	0
Security of Persons and Property	33,768,544	0	0	0
Leisure Time Activities	1,959,467	0	0	0
Community Environment	917,785	0	0	0
Basic Utility Services	452,249	0	0	0
Transportation	0	0	0	0
Public Health and Welfare Services	0	925,504	0	0
Capital Outlay	0	0	2,133,232	19,507,603
Debt Service:				
Principal Retirement	568,572	0	1,063,530	0
Interest and Fiscal Charges	880,097	0	133,995	1,037,045
Total Expenditures	47,858,512	925,504	3,330,757	20,544,648
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,009,149	(303,206)	4,436,280	(19,995,974)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	549	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	290,995	0	1,803,211
Transfers Out	(4,572,144)	0	(3,135,977)	0
Total Other Financing Sources (Uses)	(4,572,144)	290,995	(3,135,428)	1,803,211
Net Change in Fund Balance	1,437,005	(12,211)	1,300,852	(18,192,763)
Fund Balance at Beginning of Year	35,126,419	15,678	32,822,872	(4,460,956)
Decrease in Inventory	(5,429)	0	0	0
Fund Balance End of Year	\$ 36,557,995	\$ 3,467	\$ 34,123,724	\$ (22,653,719)

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Income Taxes	\$ 4,679,580	\$ 37,572,733
Property and Other Local Taxes	11,994,133	18,731,261
Intergovernmental Revenues	8,080,644	16,580,171
Charges for Services	9,214,481	16,613,377
Licenses and Permits	700,375	2,237,151
Investment Earnings	611,611	3,419,102
Special Assessments	620,391	620,391
Fines and Forfeitures	311,227	974,198
All Other Revenue	1,377,135	3,646,863
Total Revenues	37,589,577	100,395,247
Expenditures:		
Current:		
General Government	208,425	9,520,223
Security of Persons and Property	3,684,503	37,453,047
Leisure Time Activities	212,984	2,172,451
Community Environment	4,025,050	4,942,835
Basic Utility Services	9,638,838	10,091,087
Transportation	9,194,192	9,194,192
Public Health and Welfare Services	0	925,504
Capital Outlay	15,682,208	37,323,043
Debt Service:		
Principal Retirement	1,948,690	3,580,792
Interest and Fiscal Charges	1,997,279	4,048,416
Total Expenditures	46,592,169	119,251,590
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,002,592)	(18,856,343)
Other Financing Sources (Uses):		
Sale of Capital Assets	16,060	16,609
Installment Loan Issuance	283,523	283,523
Transfers In	8,035,630	10,129,836
Transfers Out	(2,601,715)	(10,309,836)
Total Other Financing Sources (Uses)	5,733,498	120,132
Net Change in Fund Balance	(3,269,094)	(18,736,211)
Fund Balance at Beginning of Year	37,350,499	100,854,512
Decrease in Inventory	(12,671)	(18,100)
Fund Balance End of Year	\$ 34,068,734	\$ 82,100,201

See accompanying notes to the basic financial statements

CITY OF HAMILTON, 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 \$ (18,736,211)

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

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

Capital Outlay	39,049,125	
Depreciation Expense	(6,516,029)	32,533,096

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets. This is the loss on disposal of capital assets, net of proceeds. (112,927)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 236,587

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

Pension	5,775,076	
OPEB	101,708	5,876,784

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

Pension	(8,533,560)	
OPEB	(261,063)	(8,794,623)

The issuance of long-term debt provides current financial resources to governmental funds, however, has no effect on net position.

Installment Loan Issued		(283,523)
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Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net

General Obligation Bond Principal Payment	1,640,000	
Special Obligation Non-Tax Revenue Bond Principal Payment	580,000	
Income Tax Revenue Bond Principal Payment	459,754	
OWDA Loan Principal Payment	176,349	
Installment Loan Principal Payment	612,587	
Lease Principal Payment	90,302	
SBITA Principal Payment	21,800	
Change in Deferred Loss on Refunding	(32,155)	
Change in Bond Premium/Discount	26,860	3,575,497

(Continued)

CITY OF HAMILTON, 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***

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 56,299

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

Compensated Absences	(202,721)	
Claims Payable	350,000	
Change in Inventory	<u>(18,100)</u>	129,179

Internal Service Funds are used by management to charge costs to individual funds and are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the Fleet Maintenance Fund is allocated among the governmental activities.

348,638

Change in Net Position of Governmental Activities

\$ 14,828,796

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 26,675,000	\$ 27,175,000	\$ 28,707,870	\$ 1,532,870
Property and Other Local Taxes	6,656,860	6,656,860	6,971,561	314,701
Intergovernmental Revenues	2,701,400	5,006,800	5,349,918	343,118
Charges for Services	19,535,933	22,035,933	14,990,548	(7,045,385)
Licenses and Permits	1,051,500	1,375,883	1,536,776	160,893
Investment Earnings	1,083,687	1,583,687	2,014,999	431,312
Fines and Forfeitures	421,318	563,554	667,533	103,979
All Other Revenue	323,525	1,122,993	817,966	(305,027)
Total Revenues	58,449,223	65,520,710	61,057,171	(4,463,539)
Expenditures:				
Current:				
Security of Persons and Property	37,633,163	38,958,063	37,350,142	1,607,921
Public Health and Welfare Services	1,227,670	1,157,706	955,203	202,503
Community Environment	1,689,277	1,632,727	1,487,913	144,814
Basic Utility Services	1,636,248	1,894,640	1,841,408	53,232
General Government	16,134,923	18,728,997	15,730,951	2,998,046
Total Expenditures	58,321,281	62,372,133	57,365,617	5,006,516
Excess (Deficiency) of Revenues Over (Under) Expenditures	127,942	3,148,577	3,691,554	542,977
Other Financing Sources (Uses):				
Sale of Capital Assets	500	500	0	(500)
Transfers In	126,980	126,980	126,980	0
Transfers Out	(2,099,700)	(6,531,030)	(6,281,149)	249,881
Total Other Financing Sources (Uses):	(1,972,220)	(6,403,550)	(6,154,169)	249,381
Net Change in Fund Balance	(1,844,278)	(3,254,973)	(2,462,615)	792,358
Fund Balance at Beginning of Year	8,453,824	8,453,824	8,453,824	0
Prior Year Encumbrances	1,844,278	1,844,278	1,844,278	0
Fund Balance at End of Year	\$ 8,453,824	\$ 7,043,129	\$ 7,835,487	\$ 792,358

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 150	\$ 150	\$ 147	\$ (3)
All Other Revenue	0	1,404	1,478	74
Total Revenues	150	1,554	1,625	71
Expenditures:				
Current:				
Public Health and Welfare Services	14,000	17,400	14,000	3,400
Total Expenditures	14,000	17,400	14,000	3,400
Net Change in Fund Balance	(13,850)	(15,846)	(12,375)	3,471
Fund Balance at Beginning of Year	15,847	15,847	15,847	0
Fund Balance at End of Year	\$ 1,997	\$ 1	\$ 3,472	\$ 3,471

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-Type Activities Enterprise Funds			
	Gas	Electric	Water	Wastewater
Assets:				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 3,298,724	\$ 62,599,527	\$ 25,041,769	\$ 13,905,499
Restricted Cash and Investments	2,000,000	4,691,833	1,517,853	2,862,157
Receivables:				
Accounts	3,456,701	10,723,096	1,952,534	1,907,596
Interest	19,997	416,874	50,716	92,606
Leases	0	45,318	0	0
Inventory of Supplies at Cost	196,880	2,209,730	452,072	1,016
Prepaid Items	201,912	815,009	192,338	112,853
Total Current Assets	9,174,214	81,501,387	29,207,282	18,881,727
Noncurrent Assets:				
Leases Receivable	0	46,696	0	0
Net OPEB Asset	103,342	514,687	165,343	120,104
Non Depreciable Capital Assets	2,358,006	23,766,348	9,453,406	5,884,388
Depreciable Capital Assets, Net	25,518,257	95,036,020	89,220,969	51,770,679
Total Noncurrent Assets	27,979,605	119,363,751	98,839,718	57,775,171
Total Assets	37,153,819	200,865,138	128,047,000	76,656,898
Deferred Outflows of Resources:				
Deferred Charge on Debt Refunding	89,285	255,867	367,073	133,659
Pension	908,799	4,526,224	1,454,009	1,056,211
OPEB	104,315	457,255	157,508	118,695
Total Deferred Outflows of Resources	1,102,399	5,239,346	1,978,590	1,308,565
Liabilities:				
Current Liabilities:				
Accounts Payable	1,162,517	5,076,997	927,302	201,549
Accrued Wages and Benefits	128,993	580,797	214,841	154,423
Intergovernmental Payable	27,492	126,077	45,169	33,062
Accrued Liabilities - Current	0	1,513	0	0
Customer Deposits Payable	568,420	2,157,835	258,711	255,786
Interfund Payable	0	0	0	0
Compensated Absences Payable - Current	281,639	982,317	408,800	346,984
Accrued Interest Payable	20,003	324,594	241,299	325,823
General Obligation Notes Payable	0	0	15,000,000	3,300,000
General Obligation Bonds Payable - Current	0	0	0	25,000
Revenue Bonds Payable - Current	685,000	1,490,000	1,050,000	2,245,000
OWDA Loans Payable - Current	0	0	44,989	56,976
OPWC Loans Payable - Current	0	0	249,407	201,413
SBITA Payable - Current	0	0	0	0
Unearned Revenue	0	0	3,000,000	0
Total OPEB Liability - Current	11,202	11,202	11,202	11,202
Total Current Liabilities	2,885,266	10,751,332	21,451,720	7,157,218

CITY OF HAMILTON, OHIO

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

	Total	Governmental Activities - Internal Service Funds
Assets:		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 104,845,519	\$ 105,772
Restricted Cash and Investments	11,071,843	0
Receivables:		
Accounts	18,039,927	0
Interest	580,193	0
Leases	45,318	0
Inventory of Supplies at Cost	2,859,698	31,144
Prepaid Items	1,322,112	0
Total Current Assets	138,764,610	136,916
Noncurrent Assets:		
Leases Receivable	46,696	0
Net OPEB Asset	903,476	240,737
Non Depreciable Capital Assets	41,462,148	0
Depreciable Capital Assets, Net	261,545,925	468,099
Total Noncurrent Assets	303,958,245	708,836
Total Assets	442,722,855	845,752
Deferred Outflows of Resources:		
Deferred Charge on Debt Refunding	845,884	0
Pension	7,945,243	2,117,088
OPEB	837,773	206,558
Total Deferred Outflows of Resources	9,628,900	2,323,646
Liabilities:		
Current Liabilities:		
Accounts Payable	7,368,365	420,640
Accrued Wages and Benefits	1,079,054	303,168
Intergovernmental Payable	231,800	67,036
Accrued Liabilities - Current	1,513	0
Customer Deposits Payable	3,240,752	0
Interfund Payable	0	78,390
Compensated Absences Payable - Current	2,019,740	498,432
Accrued Interest Payable	911,719	0
General Obligation Notes Payable	18,300,000	0
General Obligation Bonds Payable - Current	25,000	0
Revenue Bonds Payable - Current	5,470,000	0
OWDA Loans Payable - Current	101,965	0
OPWC Loans Payable - Current	450,820	0
SBITA Payable - Current	0	142,868
Unearned Revenue	3,000,000	0
Total OPEB Liability - Current	44,808	0
Total Current Liabilities	42,245,536	1,510,534

(Continued)

CITY OF HAMILTON, OHIO

Statement of Net Position
Proprietary Funds
December 31, 2024

	Business-Type Activities			
	Enterprise Funds			
	Gas	Electric	Water	Wastewater
Noncurrent Liabilities:				
General Obligation Bonds Payable	0	0	0	395,000
Revenue Bonds Payable	2,515,000	33,923,019	24,819,880	29,052,985
OWDA Loans Payable	0	0	589,060	2,018,938
OPWC Loans Payable	0	0	7,803,039	5,013,067
SBITA Payable	0	0	0	0
Compensated Absences Payable	307,152	1,257,564	568,764	448,738
Net Pension Liability	2,898,495	14,435,792	4,637,375	3,368,641
Total OPEB Liability	145,633	145,633	145,633	145,633
Total Noncurrent Liabilities	5,866,280	49,762,008	38,563,751	40,443,002
Total Liabilities	8,751,546	60,513,340	60,015,471	47,600,220
Deferred Inflows of Resources:				
Leases	0	89,338	0	0
Pension	45,602	220,384	72,424	52,796
OPEB	148,399	383,770	183,874	157,989
Total Deferred Inflows of Resources	194,001	693,492	256,298	210,785
Net Position:				
Net Investment in Capital Assets	24,742,453	83,211,076	62,021,524	15,468,467
Restricted for OPEB	103,342	514,687	165,343	120,104
Restricted for Debt Service	0	691,833	517,853	862,157
Restricted for Rate Stabilization	2,000,000	4,000,000	1,000,000	2,000,000
Unrestricted	2,464,876	56,480,056	6,049,101	11,703,730
Total Net Position	\$ 29,310,671	\$ 144,897,652	\$ 69,753,821	\$ 30,154,458

CITY OF HAMILTON, OHIO

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

	Total	Governmental Activities - Internal Service Funds
Noncurrent Liabilities:		
General Obligation Bonds Payable	395,000	0
Revenue Bonds Payable	90,310,884	0
OWDA Loans Payable	2,607,998	0
OPWC Loans Payable	12,816,106	0
SBITA Payable	0	128,610
Compensated Absences Payable	2,582,218	592,848
Net Pension Liability	25,340,303	6,752,162
Total OPEB Liability	582,532	0
Total Noncurrent Liabilities	134,635,041	7,473,620
Total Liabilities	176,880,577	8,984,154
Deferred Inflows of Resources:		
Leases	89,338	0
Pension	391,206	106,707
OPEB	874,032	137,751
Total Deferred Inflows of Resources	1,354,576	244,458
Net Position:		
Net Investment in Capital Assets	185,443,520	196,621
Restricted for OPEB	903,476	240,737
Restricted for Debt Service	2,071,843	0
Restricted for Rate Stabilization	9,000,000	0
Unrestricted	76,697,763	(6,496,572)
Total Net Position	\$ 274,116,602	\$ (6,059,214)
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.	(4,973,630)	
Net Position of Business-type Activities	\$ 269,142,972	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Business-Type Activities			
	Enterprise Funds			
	Gas	Electric	Water	Wastewater
Operating Revenues:				
Charges for Services	\$ 17,560,447	\$ 92,413,267	\$ 18,109,006	\$ 14,444,995
Other Operating Revenues	120,059	730,364	167,654	2,815
Total Operating Revenues	17,680,506	93,143,631	18,276,660	14,447,810
Operating Expenses:				
Personal Services	2,904,770	12,116,031	4,659,875	3,343,529
Contractual Services	1,458,322	9,992,430	4,299,849	3,016,142
Materials and Supplies	243,934	1,486,623	2,441,828	295,291
Purchase of Gas and Electric	6,770,117	52,083,653	0	0
Depreciation	2,285,375	7,196,616	3,636,664	2,857,804
Other Operating Expenses	4,242,273	4,576,892	3,185,056	2,997,550
Total Operating Expenses	17,904,791	87,452,245	18,223,272	12,510,316
Operating Income (Loss)	(224,285)	5,691,386	53,388	1,937,494
Non-Operating Revenue (Expenses):				
Interest Income	220,093	2,538,858	963,277	716,144
Interest and Fiscal Charges	(134,557)	(1,177,392)	(1,488,481)	(1,364,205)
Loss on Disposal of Capital Assets	0	(79,249)	(11,903)	0
Total Non-Operating Revenues (Expenses)	85,536	1,282,217	(537,107)	(648,061)
Income (Loss) Before Transfers and Contributions	(138,749)	6,973,603	(483,719)	1,289,433
Transfers and Contributions:				
Transfers In	0	180,000	0	0
Capital Contributions	0	0	992,639	0
Total Transfers and Contributions	0	180,000	992,639	0
Change in Net Position	(138,749)	7,153,603	508,920	1,289,433
Net Position as Previously Reported	29,668,314	138,425,012	69,594,816	29,118,649
Change in Accounting Principle (GASB Statement 101)	(218,894)	(680,963)	(349,915)	(253,624)
Net Position Beginning of Year as Restated	29,449,420	137,744,049	69,244,901	28,865,025
Net Position End of Year	\$ 29,310,671	\$ 144,897,652	\$ 69,753,821	\$ 30,154,458

CITY OF HAMILTON, OHIO

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

	Total	Governmental Activities - Internal Service Funds
Operating Revenues:		
Charges for Services	\$ 142,527,715	\$ 13,648,445
Other Operating Revenues	1,020,892	117,324
Total Operating Revenues	143,548,607	13,765,769
Operating Expenses:		
Personal Services	23,024,205	6,799,020
Contractual Services	18,766,743	4,327,229
Materials and Supplies	4,467,676	1,617,360
Purchase of Gas and Electric	58,853,770	0
Depreciation	15,976,459	150,354
Other Operating Expenses	15,001,771	293,189
Total Operating Expenses	136,090,624	13,187,152
Operating Income (Loss)	7,457,983	578,617
Non-Operating Revenue (Expenses):		
Interest Income	4,438,372	108
Interest and Fiscal Charges	(4,164,635)	0
Loss on Disposal of Capital Assets	(91,152)	0
Total Non-Operating Revenues (Expenses)	182,585	108
Income (Loss) Before Transfers and Contributions	7,640,568	578,725
Transfers and Contributions:		
Transfers In	180,000	0
Capital Contributions	992,639	0
Total Transfers and Contributions	1,172,639	0
Change in Net Position	8,813,207	578,725
Net Position as Previously Reported	266,806,791	(6,268,273)
Change in Accounting Principle (GASB Statement 101)	(1,503,396)	(369,666)
Net Position Beginning of Year as Restated	265,303,395	(6,637,939)
Net Position End of Year	\$ 274,116,602	\$ (6,059,214)
Change in Net Position - Total Enterprise Funds	\$ 8,813,207	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.	230,087	
Change in Net Position - Business-type Activities	\$ 9,043,294	

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Business Type Activities Enterprise Funds		
	Gas	Electric	Water
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$17,377,442	\$94,510,864	\$18,459,820
Cash Payments for Goods and Services	(12,648,921)	(67,096,374)	(9,862,776)
Cash Payments to Employees	(2,932,622)	(14,059,736)	(4,701,555)
Net Cash Provided by Operating Activities	1,795,899	13,354,754	3,895,489
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,317,979	0
Kilowatt Hour Tax Paid to State	0	(2,317,979)	0
Transfers In from Other Funds	0	180,000	0
Advances In from Other Funds	0	0	0
Advances Out to Other Funds	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	180,000	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Capital Contributions	0	0	3,992,639
Note Retirement	0	0	(15,000,000)
General Obligation Bond Principal Retirement	0	0	0
Note Proceeds	0	0	15,000,000
Premium on Debt Issuance	0	0	133,500
Revenue Bond Principal Retirement	(665,000)	(1,425,000)	(1,005,000)
OWDA Loan Proceeds	0	0	0
OPWC Loan Proceeds	0	0	1,564,180
OWDA Loan Principal Retirement	0	0	(44,397)
OPWC Loan Principal Retirement	0	0	(249,407)
Installment Loan Principal Retirement	0	0	0
SBITA Principal Retirement	0	0	0
Interest and Fiscal Charges	(108,248)	(1,342,225)	(1,710,474)
Acquisition and Construction of Assets	(336,380)	(3,960,150)	(4,020,637)
Net Cash Used by Capital and Related Financing Activities	(1,109,628)	(6,727,375)	(1,339,596)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	171,468	1,885,386	729,037
Change in the Fair Value of Investments	39,447	519,365	204,388
Net Cash Provided by Investing Activities	210,915	2,404,751	933,425
Net Increase (Decrease) in Cash and Cash Equivalents	897,186	9,212,130	3,489,318
Cash and Cash Equivalents at Beginning of Year	4,401,538	58,079,230	23,070,304
Cash and Cash Equivalents at End of Year	\$5,298,724	\$67,291,360	\$26,559,622
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$3,298,724	\$62,599,527	\$25,041,769
Restricted Cash and Cash Equivalents	2,000,000	4,691,833	1,517,853
Cash and Cash Equivalents at End of Year	\$5,298,724	\$67,291,360	\$26,559,622

CITY OF HAMILTON, OHIO

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

	Wastewater	Totals	Governmental- Activities Internal Service Funds
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$14,306,544	\$144,654,670	\$13,765,769
Cash Payments for Goods and Services	(6,287,152)	(95,895,223)	(6,401,608)
Cash Payments to Employees	(3,369,833)	(25,063,746)	(6,840,790)
Net Cash Provided by Operating Activities	4,649,559	23,695,701	523,371
<u>Cash Flows from Noncapital Financing Activities:</u>			
Kilowatt Hour Tax Received	0	2,317,979	0
Kilowatt Hour Tax Paid to State	0	(2,317,979)	0
Transfers In from Other Funds	0	180,000	0
Advances In from Other Funds	0	0	78,390
Advances Out to Other Funds	0	0	(329,139)
Net Cash Provided (Used) by Noncapital Financing Activities	0	180,000	(250,749)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Capital Contributions	0	3,992,639	0
Note Retirement	(3,300,000)	(18,300,000)	0
General Obligation Bond Principal Retirement	(25,000)	(25,000)	0
Note Proceeds	3,300,000	18,300,000	0
Premium on Debt Issuance	28,429	161,929	0
Revenue Bond Principal Retirement	(2,155,000)	(5,250,000)	0
OWDA Loan Proceeds	562,350	562,350	0
OPWC Loan Proceeds	0	1,564,180	0
OWDA Loan Principal Retirement	(55,488)	(99,885)	0
OPWC Loan Principal Retirement	(201,413)	(450,820)	0
Installment Loan Principal Retirement	(127,976)	(127,976)	0
SBITA Principal Retirement	0	0	(133,901)
Interest and Fiscal Charges	(1,500,982)	(4,661,929)	0
Acquisition and Construction of Assets	(2,215,705)	(10,532,872)	(98,925)
Net Cash Used by Capital and Related Financing Activities	(5,690,785)	(14,867,384)	(232,826)
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	540,467	3,326,358	0
Change in the Fair Value of Investments	151,158	914,358	108
Net Cash Provided by Investing Activities	691,625	4,240,716	108
Net Increase (Decrease) in Cash and Cash Equivalents	(349,601)	13,249,033	39,904
Cash and Cash Equivalents at Beginning of Year	17,117,257	102,668,329	65,868
Cash and Cash Equivalents at End of Year	\$16,767,656	\$115,917,362	\$105,772
<u>Reconciliation of Cash and</u>			
<u>Cash Equivalents per the Statement of Net Position:</u>			
Cash and Cash Equivalents	\$13,905,499	\$104,845,519	\$105,772
Restricted Cash and Cash Equivalents	2,862,157	11,071,843	0
Cash and Cash Equivalents at End of Year	\$16,767,656	\$115,917,362	\$105,772

(Continued)

CITY OF HAMILTON, OHIO

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

	Business Type Activities		
	Enterprise Funds		
	Gas	Electric	Water
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	(\$224,285)	\$5,691,386	\$53,388
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	2,285,375	7,196,616	3,636,664
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	(303,064)	23,223	183,160
(Increase) Decrease in Inventory	(8,702)	(85,202)	(46,594)
(Increase) Decrease in Prepaid Items	(18,842)	122,663	(18,014)
Decrease in Lease Receivable	0	43,980	0
Increase in Net OPEB Asset	(103,342)	(514,687)	(165,343)
Decrease in Deferred Outflows of Resources	612,200	2,642,029	946,521
Increase (Decrease) in Accounts Payable	98,333	68,401	83,381
Increase in Accrued Wages and Benefits	51,207	194,069	84,320
Increase (Decrease) in Customer Deposits Payable	(11,858)	(9,612)	30,875
Decrease in Intergovernmental Payable	(9,006)	(54,790)	(14,854)
Increase in Compensated Absences	36,537	92,018	6,614
Decrease in Net Pension Liability	(504,520)	(1,642,528)	(737,898)
Decrease in Net OPEB Liability	(74,619)	(352,559)	(117,863)
Increase in Total OPEB Liability	5,876	5,876	5,876
Decrease in Deferred Inflows of Resources	(35,391)	(66,129)	(34,744)
Total Adjustments	2,020,184	7,663,368	3,842,101
Net Cash Provided by Operating Activities	<u>\$1,795,899</u>	<u>\$13,354,754</u>	<u>\$3,895,489</u>

Schedule of Noncash Investing, Capital, and Financing Activities:

At December 31, 2024 the Gas, Electric, Water, and Wastewater Funds had outstanding liabilities of \$23,095, \$434,140, \$485,498, and \$11,880, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Wastewater	Totals	Governmental- Activities Internal Service Funds
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$1,937,494	\$7,457,983	\$578,617
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation Expense	2,857,804	15,976,459	150,354
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
(Increase) Decrease in Accounts Receivable	(141,266)	(237,947)	0
(Increase) Decrease in Inventory	323	(140,175)	4,575
(Increase) Decrease in Prepaid Items	(14,392)	71,415	0
Decrease in Lease Receivable	0	43,980	0
Increase in Net OPEB Asset	(120,104)	(903,476)	(240,737)
Decrease in Deferred Outflows of Resources	698,107	4,898,857	1,456,395
Increase (Decrease) in Accounts Payable	18,899	269,014	(173,483)
Increase in Accrued Wages and Benefits	58,484	388,080	122,545
Increase (Decrease) in Customer Deposits Payable	8,821	18,226	0
Decrease in Intergovernmental Payable	(10,067)	(88,717)	(18,149)
Increase in Compensated Absences	30,774	165,943	59,170
Decrease in Net Pension Liability	(560,011)	(3,444,957)	(1,235,533)
Decrease in Net OPEB Liability	(86,146)	(631,187)	(175,153)
Increase in Total OPEB Liability	5,876	23,504	0
Decrease in Deferred Inflows of Resources	(35,037)	(171,301)	(5,230)
Total Adjustments	<u>2,712,065</u>	<u>16,237,718</u>	<u>(55,246)</u>
Net Cash Provided by Operating Activities	<u>\$4,649,559</u>	<u>\$23,695,701</u>	<u>\$523,371</u>

CITY OF HAMILTON, OHIO

Statement of Net Position
Fiduciary Funds
December 31, 2024

	Custodial Funds
Assets:	
Equity in Pooled Cash and Investments	\$ 645,631
Receivables:	
Special Assessments	30,637,102
Total Assets	<u>31,282,733</u>
Liabilities:	
Intergovernmental Payable	273,494
Due to Others	2,440
Due to Hamilton Community Authority	30,637,102
Total Liabilities	<u>30,913,036</u>
Net Position:	
Restricted For:	
Individuals and Other Governments	369,697
Total Net Position	<u><u>\$ 369,697</u></u>

See accompanying notes to the basic financial statements

CITY OF HAMILTON, OHIO

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

	Custodial Funds
Additions:	
Fines and Forfeiture Collections for Other Governments	\$ 2,477,152
Contributions Received for Others	9,079
Tax Collections for Other Governments	3,436,965
Receipt of Seized Property Held for Others	19,739
Total Additions	<u>5,942,935</u>
Deductions:	
Distribution of Fines and Forfeitures to Other Governments	2,477,152
Distribution of Contributions Received for Others	9,079
Distribution of Taxes to Other Governments	3,436,965
Distribution of Seized Property Held for Others	6,733
Total Deductions	<u>5,929,929</u>
Change in Net Position	13,006
Net Position at Beginning of Year	356,691
Net Position End of Year	<u><u>\$ 369,697</u></u>

See accompanying notes to the basic financial statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Hamilton, Ohio (the City) is a home rule municipal corporation created under the auspices of the laws and constitution of the State of Ohio. The origins of the City date back as early as 1791. In 1803, the State of Ohio officially created Butler County and named the City as the county seat in 1810. Hamilton operates under a city charter adopted November 2, 1926 which became effective on January 1, 1928. The current charter, as amended, was adopted November 7, 2000 and became effective on January 1, 2001.

A seven-member council elected by voters of the City governs the City. The Mayor, who is separately elected, is recognized as the official head of the City for all ceremonial purposes. The City also elects a municipal court judge (the Judge) to preside over the proceedings of the Hamilton Municipal Court. The Judge is elected to a six-year term.

The City Council appoints the City Manager who serves as Chief Executive Officer and Director of Public Safety. He is charged with the proper administration of all city affairs. The City Manager appoints all Directors and the Deputy City Manager-Operations, to whom the various utility systems' directors report. The City Manager also appoints the Finance Director, who acts as the Chief Financial Officer, as well as, the Directors of Law, Planning, Economic Development, Public Works, Health, Information Technology, the Chiefs of Police and Fire, and the Directors of the Electric and Gas and Water Utilities. Ultimately, the City Manager retains the power to appoint and remove all department heads, subordinate staff and employees and exercises control over all departments.

The services provided under the direction of the City Manager as delegated to each of the subordinate Directors and their departments comprise the primary government unit of the City. They have therefore been included as part of the reporting entity. The funds, agencies, boards and commissions that are a part of the primary government include the following services: operation of a municipal court, police and fire protection, health, parks and recreation, street maintenance, and other governmental services. In addition, the City owns and operates a gas distribution system, electric generation facilities and distribution system, a water treatment and distribution system, a wastewater treatment and collection system, all of which are reported as enterprise funds (business type-major). The City also operates parking facilities, athletic facilities, and two golf courses, which are reported as special revenue funds (governmental – non-major).

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The reporting entity is composed of the primary government, component units and other organizations. The primary government includes all funds, organizations, activities and component units for which the City (the primary government) is financially accountable and that are not legally separate.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if it appoints a voting majority of the organization's governing board and either (1) the City is able to significantly influence the programs or services performed or provided by the organization, or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or 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 reports one blended component unit and one discretely presented component unit.

Blended Component Unit - The City of Hamilton Health Department (the "Health Department") is a blended component unit of the City. The constitution and laws of the State of Ohio establish the rights and privileges of the Health Department as a body corporate and politic. A six-member Board and a Health Commissioner govern the Health Department. The Health Department's services include communicable disease investigations, immunization clinics, and inspections, and the Health Department issues health-related licenses and permits. Although it is legally separate from the City, the Health Department is reported as if it were part of the primary government due to the fact that the City manager appoints the members of the Board, the City provides operating support and approves the budget, and any debt of the Health Department is expected to be repaid entirely or almost entirely with resources of the City. Complete financial statements can be obtained from the City of Hamilton Department of Finance, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

Discretely Presented Component Unit - The component unit column on the government-wide financial statements includes the financial data of the City's discretely presented component unit, the Hamilton Community Authority (the "Authority").

The Authority is a community authority created pursuant to Chapter 349 of the Ohio Revised Code. The City of Hamilton, Ohio (the "Developer") filed a petition (the "Petition") for creation of the Authority with the Clerk of Council of the City of Hamilton, Ohio, and the petition was accepted by Ordinance No. OR2017-5-62 of the City Council on May 24, 2017. The Petition, which may be subject to amendment or change, defines the boundaries of the Authority and allows the Authority to finance the costs of publicly owned and operated improvements and community facilities with Community Development Charges.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

By its Ordinance, the City of Hamilton determined the Authority would be conducive to the public health, safety, convenience and welfare, and that it was intended to result in the development of a new community authority as described in the Ohio Revised Code. The Authority thereby was organized as a body corporate and politic in the State.

By law, the Authority is governed by a seven-member board of trustees. At inception, the City Council of the City of Hamilton, Ohio appointed four of the trustees and the remaining three trustees were appointed by the Developer. The Authority is included as a component unit of the City due to the fact that the City appoints a voting majority of the Authority board, and the City can impose its will on the Authority by influencing the projects and activities of the Authority. Complete financial statements can be obtained from the City of Hamilton Department of Finance, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org. See note 22.

The City participates in four governmental joint ventures: three Hamilton-Indian Springs Joint Economic Development Districts (JEDD), the Ohio Municipal Electric Generation Agency (OMEGA) JV2, and the Meldahl Hydroelectric Project. The City also participates in the following jointly governed organizations: American Municipal Power (AMP) Inc., the Transportation Improvement District (TID) of Butler County, the Butler County Emergency Management Agency (EMA), the Hamilton Community Improvement Corporation (CIC), the Hamilton Economic Development Corporation (HEDC), and the Ohio-Kentucky-Indiana Regional Council of Governments (OKI). These organizations are presented in Note 19 and Note 20 to the basic financial statements and are excluded from the accompanying financial statements except as noted.

As a custodian of public funds, the City invests all public monies held on deposit in the City Treasury. In the case of the Hamilton-Indian Springs Joint Economic Development Districts (the "JEDD"), a legally separate district, the City serves as fiscal agent but the organization is not considered a part of the City. The JEDD has a five-member board of trustees for which the City appoints one member and for which the City is not financially accountable. The JEDD was formed under the auspices of Ohio Revised Code Charter 715 to facilitate commercial and economic development within a specific territory completely located within the boundaries of then Indian Springs, now Fairfield Township. The JEDD has levied an income tax equal to the income tax rate charged within the City of Hamilton (2%) on all compensation earned by employees working in the JEDD. Income tax collections net of collection expenses and refunds are first applied to District operating expenses in accordance with the District's Budget, then to any long-term maintenance set aside, with any surplus to be paid to Hamilton and Fairfield Township according to contractual percentages. The JEDD is a joint venture of the City, which is more fully explained in Note 19 to the basic financial statements. Accordingly, the activity of the JEDD is presented as a custodial fund (fiduciary) within the City's financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting

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

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

Governmental Funds

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

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Health Department Fund - This fund is used to account for the activities of the health department, which are funded by contributions from the general fund, charges for services, and grants.

Hamilton Capital Improvement Fund - This fund is used to account for revenue from one-fourth of one percent (.25%) of the City income tax receipts. Funds are to be used for capital acquisition for Police, Fire, Public Works, Parks and Recreation and Public Health. Funds may also be used to retire outstanding General Obligation Bonds and Notes issued for capital acquisition.

Criminal Justice Center Construction Fund - This fund is used to account for debt proceeds and other sources to be used for construction of a new justice center, which will house the police department and municipal court.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Proprietary Funds

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

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

Gas Fund – To account for the operation of the City's gas service.

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

Water Fund – To account for the operation of the City's water system.

Wastewater Fund – To account for the operation of the City's wastewater system.

Internal Service Funds – These funds are used to account for fleet management services and costs of certain goods or services provided to other departments or agencies of the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: custodial funds, pension trust funds, investment trust funds, and private-purpose trust funds. The City has six custodial funds. The Rounding Up Utility Account Fund is used to account for voluntary contributions from citizens and/or organizations within the City to assist elderly, needy and disabled utility customers with utility charges incurred. The Butler County Annexation Tax Fund is used to account for income taxes obtained from a special annexation of contiguous property to Hamilton. The Joint Economic Development District (JEDD) Fund is used to account for the receipt and disbursement of income tax revenue pursuant to Section 11 of the Joint Economic Development District Agreement with Indian Springs/Fairfield Township, the 2004 Joint Economic Development District Agreement with Indian Springs/Fairfield Township, and Section 5 of the 2017 amendment to the Hamilton-Indian Springs Joint Economic Development District Contract with Fairfield Township. The Municipal Court Fund accounts for funds that flow through the municipal court office. The Property Assessed Clean Energy Fund accounts for special assessments collected and remitted to the Hamilton Community Authority.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

***Fiduciary Funds* (Continued)**

The Police Property Room Fund is used to account for the receipt of items remaining in the custody of the police department (the City will hold the items for a certain period of time at which they will be auctioned or disposed). Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City currently has no trust funds.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. These balances appear as internal balances on the statement of net position. Interfund receivables and payables between governmental and business-type activities have been eliminated in the government-wide Statement of Net Position. These eliminations minimize the duplicating effect on assets and liabilities within the governmental and business-type activities total column. Interfund services provided and used are not eliminated in the process of consolidation.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes, interest on investments and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Licenses, permits, charges for services and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, 2024, are recorded as deferred inflows of resources. Property taxes, which are measurable at December 31, 2024 but are not intended to finance 2024 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred inflows of resources. Property taxes are further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds, and custodial funds. Revenues are recognized when they are earned and expenses recognized when incurred.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

All funds other than custodial funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the fund, department and object level. Budgetary modifications may be made only by ordinance of the City Council.

1. Tax Budget

The Director of Finance submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

As required by charter, an annual appropriation ordinance must be adopted prior to the beginning of the fiscal year. The appropriation ordinance establishes spending controls at the fund, department and object level, the legal level of control. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. During the year, several supplemental appropriations were necessary to budget contingency funds, intergovernmental grants and proceeds of debt issues. The allocation of appropriations among departments and objects within a fund may be modified during the year by management. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual for the General Fund and Major Special Revenue Fund" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

4. Encumbrance

As part of formal budgetary controls, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities.

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures on the budgetary basis.

CITY OF HAMILTON, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary cash basis statement for the General Fund and Major Special Revenue Fund:

	Net Change in Fund Balance	
	General Fund	Health Department Fund
GAAP Basis (as reported)	\$1,437,005	(\$12,211)
Increase (Decrease):		
Accrued Revenues at December 31, 2024 received during 2025	(16,295,798)	0
Accrued Revenues at December 31, 2023 received during 2024	14,963,384	0
Accrued Expenditures at December 31, 2024 paid during 2025	5,270,116	0
Accrued Expenditures at December 31, 2023 paid during 2024	(4,166,949)	0
Change in the Fair Value of Investments	(188,010)	(164)
Change in Interfund Balances	(1,747,549)	0
2023 Prepays for 2024	369,429	0
2024 Prepays for 2025	(355,294)	0
Outstanding Encumbrances	(1,598,114)	0
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(150,835)	0
Budget Basis	<u>(\$2,462,615)</u>	<u>(\$12,375)</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and short-term securities with original maturities of three months or less. STAR Ohio is considered a cash equivalent because it is a highly liquid investment. See Note 4, "Cash, Cash Equivalents and Investments."

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments

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

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. See Note 4, "Cash, Cash Equivalents and Investments".

The City's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

Inventories are stated at moving average cost. The costs of governmental fund inventories are recorded as expenditures when purchased rather than when consumed. The costs of proprietary fund inventories are recorded as expenses when consumed rather than when purchased.

I. Prepaid Items

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	40
Improvements Other than Buildings	40
Machinery, Equipment, Furniture and Fixtures	5 – 10
Infrastructure	25 – 75
Intangible Assets – FERC License	50
Leased Assets/SBITA	5 - 10

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation/Income Tax Revenue/Special Obligation Non-Tax Revenue Bonds	Debt Service Fund, Parking Fund Golf Course Fund, Wastewater Fund
OWDA/OPWC Loans	Water Fund, Wastewater Fund, Stormwater Management Fund
Revenue Bonds	Gas Fund, Electric Fund, Water Fund Wastewater Fund
Leases Payable	General Fund, Hamilton Capital Improvement Fund
SBITA	Hamilton Capital Improvement Fund, Central Services Fund
Installment Loans	General Fund, Wastewater Fund
Total OPEB Liability	General Fund, Gas Fund, Electric Fund, Water Fund, Wastewater Fund
Net Pension Liability/Net OPEB Liability	General Fund, Safety Services Fund, Refuse Fund, Street Maintenance Fund Community Development Block Grant Fund Gas Fund, Electric Fund, Water Fund Wastewater Fund, Parking Fund Golf Course Fund, Fleet Maintenance Fund Central Services Fund

L. Compensated Absences

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under ordinance. Vacation earned in a calendar year must be used during that year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the City Manager. At termination or retirement, employees are paid at their then full rate for 100% of their unused vacation leave. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or City ordinance. Employees hired before 1990 are paid 75% of the accumulated sick time upon retirement or death up to a maximum of 1,200 hours for employees whose normal work schedule is 40 hours per week, and up to 1,680 hours for those working a 51 hour week. Those individuals that commenced employment on or after January 1, 1990, will be paid 50%, and those individuals that commenced employment on or after January 1, 1994 will be paid 25% of the accumulated sick leave upon death or retirement. Compensation for sick leave is paid at the employee's then full rate of pay at the time of termination or retirement.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account.

M. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Pension/OPEB

The provision for pension/OPEB cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension and OPEB liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service.

P. Fund Balances

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

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

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

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

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances (Continued)

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

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

In 2012, City Council enacted Budget and Financial Policies (R2012-6-25), which requires the maintenance of a minimum General Fund Balance (reserve) of 10-16% of annual expenditures. If the General Fund reserve rises above 16% of General Fund revenue at fiscal year end, the amount over 16% will be swept into the Economic Development Capital Projects Fund and/or the Economic Budget Stabilization Fund, which can be expended only through special action by City Council. At December 31, 2024, the balance in the Economic Budget Stabilization Fund was \$3,200,000 and is reported in unassigned fund balance.

Q. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited to debt service payments and rate stabilization. Restricted cash in the General Fund represents resources set aside for the payment of health insurance claims, as well as amounts set aside pursuant to the Champions Mill Inter-creditor Agreement.

R. Operating Revenues and Expenses

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

S. Estimates

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension/OPEB amounts on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows are also reported on the government-wide and fund financial statements for lease receivable amounts to be received in future years. Deferred inflows of resources related to pension/OPEB are reported on the government-wide and proprietary funds statement of net position. See Notes 10 and 11.

U. Leases Receivable

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Deferred inflows of resources related to lease receivables are recorded initially as equal to the amount of the initial measurement of the lease receivable and subsequently recognized as revenue in a systematic and rational manner over the term of the lease.

CITY OF HAMILTON, OHIO

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

NOTE 2 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Health Department Fund	Hamilton Capital Improvement Fund	Criminal Justice Center Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Supplies Inventory	\$68,062	\$0	\$0	\$0	\$28,325	\$96,387
Prepaid Items	355,294	0	0	0	60,470	415,764
Loans Receivable	4,000,000	0	0	0	0	4,000,000
Unclaimed Funds	6,660	0	0	0	0	6,660
Permanent Fund Corpus	0	0	0	0	75,000	75,000
Total Nonspendable	4,430,016	0	0	0	163,795	4,593,811
Restricted:						
Public Safety	0	0	0	0	10,482,419	10,482,419
Public Health	0	3,467	0	0	0	3,467
County Court Computer Improvements	0	0	0	0	537,835	537,835
Dispute Resolution	0	0	0	0	56,445	56,445
Addiction Treatment	0	0	0	0	701,583	701,583
Law Enforcement	0	0	0	0	9,996,169	9,996,169
Street Maintenance	0	0	0	0	5,552,438	5,552,438
Community Development	0	0	0	0	180,808	180,808
Tree Program	0	0	0	0	199,710	199,710
Fire Insurance Deposits	0	0	0	0	129,291	129,291
Capital Improvements	0	0	34,123,724	0	487,417	34,611,141
Permanent Fund Corpus	0	0	0	0	581	581
Champions Mill Intercreditor Agreement	7,000,000	0	0	0	0	7,000,000
Total Restricted	7,000,000	3,467	34,123,724	0	28,324,696	69,451,887
Committed:						
Stormwater Operations	0	0	0	0	1,976,091	1,976,091
Refuse Operations	0	0	0	0	1,766,496	1,766,496
Parking Operations	0	0	0	0	41,761	41,761
Golf Course Operations	0	0	0	0	31,735	31,735
Total Committed	0	0	0	0	3,816,083	3,816,083
Assigned:						
Capital Improvements	0	0	0	0	4,662,048	4,662,048
Services and Supplies	402,727	0	0	0	0	402,727
Worker's Compensation	4,725,807	0	0	0	0	4,725,807
Total Assigned	5,128,534	0	0	0	4,662,048	9,790,582
Unassigned (Deficits):	19,999,445	0	0	(22,653,719)	(2,897,888)	(5,552,162)
Total Fund Balances	\$36,557,995	\$3,467	\$34,123,724	(\$22,653,719)	\$34,068,734	\$82,100,201

Champions Mill Inter-creditor Agreement – The City has restricted \$7,000,000 of non-tax revenues pursuant to an inter-creditor agreement with Central Bank and Trust (the “Bank”) and Champions Mill Land LLC (the “Developer”). A financing commitment from the Bank to the Developer for the Spooky Nook Project is conditional upon the City establishing the reserve fund. The City is required to maintain these reserves until December 31, 2026.

CITY OF HAMILTON, OHIO

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

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities – The following funds had deficit fund balance/net position amounts at December 31, 2024:

Fund	Fund Balance/ Net Position Deficit
<i>Governmental Funds</i>	
Capital Projects Funds:	
Criminal Justice Center Construction Fund	\$22,653,719
Special Assessment Fund	1,864,980
Infrastructure Program Fund	1,032,908
<i>Internal Service Funds</i>	
Fleet Maintenance	1,085,584
Central Services	4,973,630

The deficit occurring in the Special Assessment Fund is due to interfund payables reported in the fund. The deficit occurring in the Criminal Justice Center Construction Fund is due to notes payable reported in the fund. As cash is received and the payables liquidated, the deficits will be eliminated.

The deficits in the Fleet Maintenance Fund and Central Services Fund have occurred due to recognition of liabilities at year-end. The Internal Service Funds operate as a rotary fund and cash is recognized as revenue operationally only after an actual expense is made. These deficits will be eliminated by future charges for services. A portion of these deficits are the result of accounting for the net pension/OPEB liability for which there is no repayment schedule.

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

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

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

CITY OF HAMILTON, OHIO

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

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

A. Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a custodial credit risk policy.

As of December 31, 2024, \$10,383,466 of the City's bank balance of \$12,166,630 was exposed to custodial credit risk since it was uninsured and collateralized with securities held in the Ohio Pooled Collateral System.

B. Investments

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

	Fair Value	Credit Rating	Fair Value Hierarchy	Concentration of Credit Risk	Investment Maturities (in Years)		
					less than 1	1-3	3-5
Money Market Mutual Fund ³	\$2,184,295	AA+ ¹	NA	1.22%	\$2,184,295	\$0	\$0
Marketable CDs	2,984,919	AAA ⁴	Level 2	1.67%	735,331	248,229	2,001,359
Commercial Paper	3,757,016	A-1+ ¹	Level 2	2.10%	3,757,016	0	0
STAR Ohio ³	40,008,416	AAAm ¹	NA	22.38%	40,008,416	0	0
Municipal Bonds	1,174,253	Aa2 ²	Level 2	0.66%	0	1,174,253	0
FNMA	3,147,398	AA+ ¹	Level 2	1.76%	3,147,398	0	0
PEFCO	2,517,504	AA+ ¹	Level 2	1.41%	0	718,364	1,799,140
TNNLL	2,147,926	AA+ ¹	Level 2	1.20%	594,204	0	1,553,722
FFCB	35,931,122	AA+ ¹	Level 2	20.10%	5,258,698	9,026,822	21,645,602
FAMC	2,679,562	AA+ ¹	Level 2	1.50%	0	0	2,679,562
FHLB	28,039,455	AA+ ¹	Level 2	15.68%	5,871,863	17,630,566	4,537,026
FHLMC	4,022,113	AA+ ¹	Level 2	2.25%	3,142,053	0	880,060
US Treasury Notes	50,181,878	N/A	Level 1	28.07%	4,704,575	25,498,632	19,978,671
Total Investments	<u>\$178,775,857</u>			<u>100.00%</u>	<u>\$69,403,849</u>	<u>\$54,296,866</u>	<u>\$55,075,142</u>

¹ Standard & Poor's

² Moody's

³ Reported at amortized cost

⁴ All are fully FDIC insured and therefore have an implied AAA credit rating

Custodial Credit Risk

The risk that, in the event of a failure of a counter party, 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 City employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within this policy and as a means of mitigating this risk.

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

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk

There is a risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

Credit Risk

It is the City’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk

The City places no limit on the amount it may invest in any one issuer.

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

C. Benninghofen Trust

The Bennighofen Trust Fund reports the endowment bequeathed to the City from the estate of Christian Benninghofen. The endowment is to be held permanently by the City and invested and reinvested in bonds issued by the United States, the State of Ohio, or any County, as well as municipal bonds issued by such subdivisions with the State of Ohio. Earnings from the endowment are to be used for the purpose of assisting and aiding the needy poor of the City. The City disburses earnings from the endowment quarterly.

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

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against real estate and public utility property located in the City. Real property taxes (other than public utility) collected during 2024 were levied after October 1, 2023 on assessed values as of January 1, 2023, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed for tax year 2023. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

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

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

The full tax rate for the City's operations for the year ended December 31, 2024 was \$10.71 per \$1,000 of assessed value. The assessed value upon which the 2024 receipts were based was \$1,252,529,630. This amount constitutes \$1,244,848,470 in real property assessed value and \$7,681,160 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 1.071% (10.71 mills) of assessed value.

Real Estate Tax Abatement

Pursuant to Ohio Revised Code Chapter 5709, the City established an Enterprise Zone Abatement Program. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Enterprise Zone gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas.

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

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

The City has offered the Enterprise Zone abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Below is the amount of taxes abated for the Enterprise Zone Program for the year ending December 31, 2024.

<u>Tax Abatement Program</u>	<u>Total Amount of Taxes Abated For the year 2024</u>
<i>Enterprise Zone</i>	
3DSL Properties, LLC	\$62,652
80 Acres Urban Agriculture, LLC	15,682
Bethesda Hospital and Duke Realty	152,737
GR3 Sandbox Partners LLC	10,971
SAICA Pack US LLC	334,207
Thyssenkrupp Bilstein	61,354
	<u>\$637,603</u>

B. Income Tax

The City levies a tax of 2.00% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 2.00% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. All City residents are required to file a municipal income tax return annually regardless of whether tax is owed.

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

NOTE 5 - TAXES (Continued)

B. Income Tax (Continued)

Income Tax Abatement

The City created the Job Creation and Tax Credit Program to maintain the City's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code 718 and the applicable City ordinance, the City provides an incentive to the company based upon the company's gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as a refund based upon the company's payroll taxes. The time period of the incentive in years, is determined by how many new jobs are created by the company. The tax abatement incentive to a new business or expanding business with new payroll is at a percentage of up to 60% of income tax paid on new payroll for a period of 3 to 10 years.

For the year ending December 31, 2024, income taxes of \$18,834 were abated by the City.

NOTE 6 – RECEIVABLES

Receivables at December 31, 2024 consisted of taxes, accounts receivable, accrued interest, special assessments, settlements, loans receivable, leases receivable, interfund receivables, and intergovernmental (due from other governments) receivables arising from shared revenues. These receivables result from both exchange and non-exchange transactions.

Business-type receivables at December 31, 2024, are presented net of allowances for doubtful accounts. To better detail the accounts receivable balances in the Business-type Funds, the following schedule identifies and reconciles these amounts as of December 31, 2024 as follows:

Accounts Receivable	Total				
As of December 31, 2024	Business-Type				
	Gas	Electric	Water	Wastewater	Activities
Earned and unbilled consumer accounts	\$2,217,600	\$5,827,321	\$1,327,382	\$976,804	\$10,349,107
Earned and billed consumer accounts	1,669,519	6,265,765	946,729	1,995,104	10,877,117
Less allowance for uncollectible accounts	(434,315)	(2,054,295)	(325,932)	(1,064,312)	(3,878,854)
Other	3,897	684,305	4,355	0	692,557
Total Accounts Receivable	\$3,456,701	\$10,723,096	\$1,952,534	\$1,907,596	\$18,039,927

CITY OF HAMILTON, OHIO

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

NOTE 7 - TRANSFERS

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$0	\$4,572,144
Health Department Fund	290,995	0
Hamilton Capital Improvement Fund	0	3,135,977
Criminal Justice Center Construction Fund	1,803,211	0
Other Governmental Funds	8,035,630	2,601,715
Total Governmental Funds	<u>10,129,836</u>	<u>10,309,836</u>
Proprietary Funds:		
Enterprise Funds:		
Electric Fund	<u>180,000</u>	<u>0</u>
Total Enterprise Funds	<u>180,000</u>	<u>0</u>
Totals	<u>\$10,309,836</u>	<u>\$10,309,836</u>

The City makes transfers between various funds during the year for operating and debt service related payments. The individual governmental funds transfer their portion of the debt service payment during the year into the Debt Service Fund for payment of obligations and some transfers are made from the General Fund at year-end to eliminate deficit balances. In 2024 the Street Maintenance Fund and Municipal Improvement Tax Increment Equivalent Fund transferred \$459,033 and \$2,065,226, respectively, to the Infrastructure Program Fund for various infrastructure improvement projects. The Hamilton Capital Improvement Fund transferred \$2,933,251 to the Debt Service Fund for debt retirement. The General Fund transferred a total of \$4,572,144 to various funds for capital projects and purchases.

NOTE 8 – INTERFUND TRANSACTIONS

The composition of inter-fund balances as of December 31, 2024, is as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$5,123,568	\$0
Other Governmental Funds	0	5,045,178
Fleet Maintenance Fund	<u>0</u>	<u>78,390</u>
	<u>\$5,123,568</u>	<u>\$5,123,568</u>

This interfund activity relates to cash advances the General Fund made to Other Governmental Funds and the Fleet Maintenance Fund for cash flow needs.

CITY OF HAMILTON, OHIO

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

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

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

Historical Cost:

Class	December 31, 2023	Additions	Deletions	December 31, 2024
Capital assets not being depreciated:				
Land	\$23,527,335	\$0	\$0	\$23,527,335
Construction in Progress	46,608,400	37,683,063	(11,990,638)	72,300,825
Sub-Total	70,135,735	37,683,063	(11,990,638)	95,828,160
Capital assets being depreciated:				
Buildings and Improvements	52,670,092	40,468	0	52,710,560
Leased Buildings	144,726	0	0	144,726
Machinery and Equipment	37,979,699	2,091,769	(914,696)	39,156,772
Leased Equipment	211,783	0	0	211,783
SBITA	98,948	0	0	98,948
Infrastructure	200,279,804	11,322,313	0	211,602,117
Total Cost	<u>\$361,520,787</u>	<u>\$51,137,613</u>	<u>(\$12,905,334)</u>	<u>\$399,753,066</u>

Accumulated Depreciation:

Class	December 31, 2023	Additions	Deletions	December 31, 2024
Buildings and Improvements	(\$25,924,958)	(\$1,365,407)	\$0	(\$27,290,365)
Leased Buildings	(97,736)	(46,991)	0	(144,727)
Machinery and Equipment	(27,524,120)	(2,106,986)	801,769	(28,829,337)
Leased Equipment	(70,594)	(42,357)	0	(112,951)
SBITA	(19,790)	(19,790)	0	(39,580)
Infrastructure	(146,208,500)	(2,961,104)	0	(149,169,604)
Total Depreciation	<u>(\$199,845,698)</u>	<u>(\$6,542,635) *</u>	<u>\$801,769</u>	<u>(\$205,586,564)</u>
Net Value:	<u>\$161,675,089</u>			<u>\$194,166,502</u>

*Depreciation was charged to governmental functions as follows:

General Government	\$859,090
Security of Persons and Property	1,355,872
Leisure Time Activities	312,379
Transportation	3,997,038
Public Health and Welfare Services	18,256
Total Depreciation Expense	<u>\$6,542,635</u>

CITY OF HAMILTON, OHIO

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

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category at December 31, 2024:

Historical Cost:

Class	December 31, 2023	Additions	Deletions	December 31, 2024
Capital assets not being depreciated:				
Land	\$10,815,289	\$0	\$0	\$10,815,289
Construction in Progress	33,405,039	4,189,494	(6,947,674)	30,646,859
Sub-Total	44,220,328	4,189,494	(6,947,674)	41,462,148
Capital assets being depreciated:				
Intangible Capital Assets	1,070,786	0	0	1,070,786
SBITA	505,679	0	0	505,679
Buildings and Improvements	140,908,792	0	0	140,908,792
Machinery and Equipment	716,769,661	13,743,323	(635,700)	729,877,284
Total Cost	\$903,475,246	\$17,932,817	(\$7,583,374)	\$913,824,689

Accumulated Depreciation:

Class	December 31, 2023	Additions	Deletions	December 31, 2024
Intangible Capital Assets	(\$342,656)	(\$21,416)	\$0	(\$364,072)
SBITA	(123,748)	(123,748)	0	(247,496)
Buildings and Improvements	(80,774,659)	(1,890,637)	0	(82,665,296)
Machinery and Equipment	(513,761,711)	(14,064,406)	544,548	(527,281,569)
Total Depreciation	(\$595,002,774)	(\$16,100,207)	\$544,548	(\$610,558,433)

Net Value:

\$308,472,472

\$303,266,256

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$4,531,327 for 2024. Of this amount, \$234,901 is reported as an intergovernmental payable.

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	<u>Police</u>	<u>Firefighters</u>
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	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$4,303,927 for 2024. Of this amount, \$210,358 is reported as an intergovernmental payable.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$47,520,588	\$68,575,695	\$116,096,283
Proportion of the Net Pension Liability-2024	0.181512%	0.709792%	
Proportion of the Net Pension Liability-2023	<u>0.184175%</u>	<u>0.727749%</u>	
Percentage Change	<u>(0.002663%)</u>	<u>(0.017957%)</u>	
Pension Expense	\$4,396,219	\$7,086,641	\$11,482,860

CITY OF HAMILTON, OHIO

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$4,333,907	\$4,333,907
Differences between expected and actual experience	776,684	2,201,480	2,978,164
Net difference between projected and actual earnings on pension plan investments	9,591,680	7,771,069	17,362,749
Change in proportionate share	0	1,092,319	1,092,319
City contributions subsequent to the measurement date	4,531,327	4,303,927	8,835,254
Total Deferred Outflows of Resources	<u>\$14,899,691</u>	<u>\$19,702,702</u>	<u>\$34,602,393</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$1,041,403	\$1,041,403
Differences between expected and actual experience	0	766,942	766,942
Change in proportionate share	736,926	1,688,509	2,425,435
Total Deferred Inflows of Resources	<u>\$736,926</u>	<u>\$3,496,854</u>	<u>\$4,233,780</u>

\$8,835,254 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2025	\$1,761,531	\$3,399,875	\$5,161,406
2026	3,114,850	3,679,205	6,794,055
2027	6,120,869	5,299,119	11,419,988
2028	(1,365,812)	(565,783)	(1,931,595)
2029	0	80,189	80,189
2030	0	9,316	9,316
Total	<u>\$9,631,438</u>	<u>\$11,901,921</u>	<u>\$21,533,359</u>

Actuarial Assumptions - OPERS

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$74,810,171	\$47,520,588	\$24,823,581

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2023 is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

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

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

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

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

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

Note: Assumptions are geometric.

* levered 2.0x

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

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$90,833,614	\$68,575,695	\$50,066,068

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

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

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

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

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

Group A 30 years of qualified health care service credit;

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)**

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

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

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

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

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

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

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

The City's contractually required contribution to OP&F was \$101,708 for 2024. Of this amount, \$4,945 is reported as an intergovernmental payable.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$1,694,280)	\$5,182,410	
Proportion of the Net OPEB Liability (Asset) - 2024	0.187727%	0.709792%	
Proportion of the Net OPEB Liability (Asset) - 2023	0.189205%	0.727749%	
Percentage Change	<u>(0.001478%)</u>	<u>(0.017957%)</u>	
OPEB Expense	(\$230,455)	\$366,677	\$136,222

*Total 2024 OPEB expense including the Retiree Life Insurance Plan is (\$12,208).

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CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$436,195	\$1,783,318	\$2,219,513
Differences between expected and actual experience	0	249,207	249,207
Net difference between projected and actual earnings on OPEB plan investments	1,017,516	382,685	1,400,201
Change in proportionate share	0	335,648	335,648
City contributions subsequent to the measurement date	0	101,708	101,708
Total Deferred Outflows of Resources	<u>\$1,453,711</u>	<u>\$2,852,566</u>	<u>\$4,306,277</u>
Deferred Inflows of Resources			
Changes in assumptions	\$728,322	\$3,337,352	\$4,065,674
Differences between expected and actual experience	241,145	952,374	1,193,519
Change in proportionate share	0	316,327	316,327
Total Deferred Inflows of Resources	<u>\$969,467</u>	<u>\$4,606,053</u>	<u>\$5,575,520</u>

\$101,708 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2025	(\$42,992)	\$51,710	\$8,718
2026	78,769	(235,865)	(157,096)
2027	792,043	(136,598)	655,445
2028	(343,576)	(444,167)	(787,743)
2029	0	(478,544)	(478,544)
2030	0	(561,312)	(561,312)
2031	0	(43,102)	(43,102)
2032	0	(7,317)	(7,317)
Total	<u>\$484,244</u>	<u>(\$1,855,195)</u>	<u>(\$1,370,951)</u>

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

Actuarial Assumptions - OPERS

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$931,126	(\$1,694,280)	(\$3,869,053)

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

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$1,764,634)	(\$1,694,280)	(\$1,614,452)

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

Actuarial Assumptions – OP&F

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

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

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

Note: Assumptions are geometric.

* levered 2.0x

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

A. Ohio Public Employees Retirement System (OPERS) and Ohio Police & Fire Pension Fund (OP&F)

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

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

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

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$6,383,290	\$5,182,410	\$4,171,031

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan

Total OPEB Liability

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

Plan Description

Plan Description – The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under the Public Employees Retirement System, Ohio Police and Fire Pension Fund, or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy – Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The City's contractually required contribution was \$53,497 for 2024.

At December 31, 2024 the number of active participants was 619 and the number of retirees was 652.

The City's Retiree Life Insurance plan has no assets.

CITY OF HAMILTON, OHIO

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

Changes in the Total OPEB Liability, OPEB expense, Deferred Outflows of Resources and Deferred Inflows of Resources

The Total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2024. Following is information related to changes in the Total OPEB liability:

	<u>Changes in Total OPEB Liability</u>
Total OPEB Liability 12/31/23	\$754,795
Service cost	8,699
Interest	27,676
Difference between expected and actual experience	72,423
Changes of assumptions	(25,921)
Benefit payments	<u>(53,497)</u>
Total OPEB Liability 12/31/24	<u><u>\$784,175</u></u>
Retiree Life Insurance Plan OPEB expense	(\$148,430)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>Retiree Life Insurance Plan</u>		
Changes in assumptions	\$12,696	\$380,789
Differences between expected and actual experience	<u>65,534</u>	<u>65,541</u>
Total	<u><u>\$78,230</u></u>	<u><u>\$446,330</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance Plan will be recognized in OPEB expense as follows:

Year Ending December 31:	
2025	(\$159,068)
2026	(133,620)
2027	(81,482)
2028	<u>6,070</u>
Total	<u><u>(\$368,100)</u></u>

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Retiree Life Insurance Plan (Continued)

Actuarial Assumptions

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.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024. 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:

Single Discount Rate:	
Current measurement date	4.10 percent
Prior Measurement date	3.80 percent
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disabled	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five year period ended December 31, 2018.

Discount Rate A single discount rate of 4.10 percent was used to measure the total OPEB liability on the measurement date of December 31, 2024. A single discount rate of 3.80 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023. Because the Retiree Life Insurance Plan is not funded, the discount rate is based on a 20-year tax exempt municipal bond rate based on published indices.

Sensitivity of the total OPEB Liability to Changes in the Discount Rate The following table presents the Retiree Life Insurance Plan total OPEB liability calculated using the single discount rate of 4.10 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.10 percent) or one-percentage-point higher (5.10 percent) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$873,243	\$784,175	\$709,748

CITY OF HAMILTON, OHIO

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

NOTE 12 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Balance January 1, 2024	Issued	(Retired)	Balance December 31, 2024
Special Revenue Fund Notes Payable:				
4.50% Stormwater Improvements	\$3,700,000	\$0	(\$3,700,000)	\$0
4.00% Stormwater Improvements	0	3,700,000	0	3,700,000
Total Special Revenue Fund Notes Payable	<u>3,700,000</u>	<u>3,700,000</u>	<u>(3,700,000)</u>	<u>3,700,000</u>
Capital Projects Fund Notes Payable:				
4.50% Criminal Justice Center Construction	23,000,000	0	(23,000,000)	0
4.00% Criminal Justice Center Construction	0	23,000,000	0	23,000,000
4.50% Tylersville Road Improvements	2,250,000	0	(2,250,000)	0
4.00% Tylersville Road Improvements	0	2,250,000	0	2,250,000
4.00% Other Road Improvements	0	2,500,000	0	2,500,000
4.50% Utility Relocation	750,000	0	(750,000)	0
4.00% Utility Relocation	0	750,000	0	750,000
4.50% Amphitheater Roof	1,750,000	0	(1,750,000)	0
4.00% Amphitheater Roof	0	1,750,000	0	1,750,000
Total Capital Projects Fund Notes Payable	<u>27,750,000</u>	<u>30,250,000</u>	<u>(27,750,000)</u>	<u>30,250,000</u>
Enterprise Fund Notes Payable:				
4.50% Water Improvements	15,000,000	0	(15,000,000)	0
4.00% Water Improvements	0	15,000,000	0	15,000,000
4.50% Wastewater Improvements	3,300,000	0	(3,300,000)	0
4.00% Wastewater Improvements	0	3,300,000	0	3,300,000
Total Enterprise Fund Notes Payable	<u>18,300,000</u>	<u>18,300,000</u>	<u>(18,300,000)</u>	<u>18,300,000</u>
Total Notes Payable	<u>\$49,750,000</u>	<u>\$52,250,000</u>	<u>(\$49,750,000)</u>	<u>\$52,250,000</u>

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2024 were as follows:

Issue Date	Interest Rate	Description	Maturity Date	Restated Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Due Within One Year
Governmental Activities Debt:								
General Obligation Bonds:								
2020	3.0% - 4.00%	Various Purpose 2020	2040	\$2,360,000	\$0	(\$105,000)	\$2,255,000	\$110,000
2020	3.0% - 4.00%	Various Purpose 2020 Refunding	2040	655,000	0	(275,000)	380,000	95,000
2018	2.6% - 4.00%	Various Purpose	2048	9,320,000	0	(260,000)	9,060,000	265,000
2021	1.08%	Property Improvement	2024	1,000,000	0	(1,000,000)	0	0
Total General Obligation Bonds				13,335,000	0	(1,640,000)	11,695,000	470,000
Special Obligation Non-Tax Revenue Bonds:*								
2020	0.93% - 3.48%	Champions Mill Project Refunding	2050	30,025,000	0	(500,000)	29,525,000	505,000
2020	0.93% - 3.48%	Champions Mill Project	2050	1,715,000	0	(80,000)	1,635,000	80,000
Total Special Obligation Non-Tax Revenue Bonds				31,740,000	0	(580,000)	31,160,000	585,000
Income Tax Revenue Bonds:*								
2017	3.00%	Various Purpose Refunding	2035	6,336,717	0	(450,745)	5,885,972	464,456
2017	3.00%	Various Purpose	2035	131,143	0	(9,009)	122,134	9,283
Total Income Tax Revenue Bonds				6,467,860	0	(459,754)	6,008,106	473,739
Issuance Discounts/Premiums				226,561	0	(26,860)	199,701	0
Total Bonds Payable				51,769,421	0	(2,706,614)	49,062,807	1,528,739
Ohio Water Development Authority Loans Payable:*								
2016	2.13%	South Hamilton Road Storm Water	2049	2,998,324	0	(89,611)	2,908,713	91,529
2020	1.47%	Spooky Nook Public Improvements	2052	3,045,493	0	(86,738)	2,958,755	88,017
Total Ohio Water Development Authority Loans Payable				6,043,817	0	(176,349)	5,867,468	179,546
Installment Loans:								
2019	2.7-4.0%	Government Building	2049	22,395,000	0	(520,000)	21,875,000	540,000
2022	3.25%	Leaf Collector	2025	61,396	0	(30,199)	31,197	31,197
2024	5.02%	Milling Machine	2028	0	283,523	(62,388)	221,135	51,292
Total Installment Loans				22,456,396	283,523	(612,587)	22,127,332	622,489
Governmental Activities Other Long-Term Obligations:								
Leases				194,404	0	(90,302)	104,102	43,430
Subscription Based Information Technology Arrangement (SBITA)				78,516	0	(21,800)	56,716	23,260
Claims Payable				3,150,000	0	(350,000)	2,800,000	350,000
Compensated absences				7,980,014	177,541	0	8,157,555	2,912,100
Governmental Activities Debt and Other Long-Term Obligations				<u>\$91,672,568</u>	<u>\$461,064</u>	<u>(\$3,957,652)</u>	<u>\$88,175,980</u>	<u>\$5,659,564</u>

*The Income Tax Revenue Bonds and Special Obligation Non-Tax Revenue Bonds are direct placement debt. The Ohio Water Development Authority Loans are direct borrowing debt.

**December 31, 2023 compensated absences balance was restated due to implementation of GASB Statement 101. See note 23.

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Issue Date	Interest Rate	Description	Maturity Date	Restated Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Due Within One Year
Business-Type Activities Debt:								
Mortgage Revenue Bonds:								
2017	2.23%	Gas Refunding	2027	\$2,460,000	\$0	(\$595,000)	\$1,865,000	\$610,000
2018	3.80%	Gas Improvements	2038	1,405,000	0	(70,000)	1,335,000	75,000
2018	3.0% - 5.0%	Electric Refunding	2030	8,745,000	0	(1,085,000)	7,660,000	1,135,000
2019	3.0% - 5.0%	Electric Refunding	2039	11,115,000	0	(25,000)	11,090,000	25,000
2019	3.0% - 5.0%	Electric Improvements	2049	14,515,000	0	(315,000)	14,200,000	330,000
2015	2.0% - 5.0%	Water Refunding	2044	9,330,000	0	(335,000)	8,995,000	345,000
2018	4.00%	Water Refunding	2029	3,630,000	0	(545,000)	3,085,000	570,000
2018	3.0% - 4.0%	Water Improvements	2048	2,665,000	0	(65,000)	2,600,000	70,000
2019	3.0% - 4.0%	Water Refunding	2039	7,965,000	0	(20,000)	7,945,000	25,000
2019	3.0% - 4.0%	Water Improvements	2049	1,665,000	0	(40,000)	1,625,000	40,000
2016	1.75% - 5.0%	Wastewater Refunding	2026	3,290,000	0	(1,045,000)	2,245,000	1,095,000
2018	2.0% - 5.0%	Wastewater Refunding	2041	20,940,000	0	(825,000)	20,115,000	855,000
2019	3.0% - 5.0%	Wastewater Refunding	2039	7,770,000	0	(285,000)	7,485,000	295,000
				95,495,000	0	(5,250,000)	90,245,000	5,470,000
		Issuance Discounts/Premiums		5,914,153	0	(378,269)	5,535,884	0
		Total Mortgage Revenue Bonds		101,409,153	0	(5,628,269)	95,780,884	5,470,000
General Obligation Bonds:								
2018	2.6% - 4.0%	Wastewater Improvements	2038	445,000	0	(25,000)	420,000	25,000
Ohio Water Development Authority Loans:*								
2010	3.25%	Sanitary Sewer Improvements	2030	183,578	0	(23,758)	159,820	24,537
2016	1.33%	River Road Water Main	2037	678,446	0	(44,397)	634,049	44,989
2018	2.22%	Sanitary Sewer Improvements	2049	1,074,434	0	(31,730)	1,042,704	32,439
2023	0.00%	Boiler Replacement	2030	22,170	62,545	0	84,715	0
2023	0.00%	Sanitary Sewer Improvements	2030	157,100	202,500	0	359,600	0
2023	0.00%	Sanitary Sewer Facilities Master Plan	2030	70,000	194,075	0	264,075	0
2023	0.00%	Gravity Collector Improvements	2030	61,770	103,230	0	165,000	0
		Total Ohio Water Development Authority Loans		2,247,498	562,350	(99,885)	2,709,963	101,965
Ohio Public Works Commission Loans:*								
2016	0.00%	Gilmore Road Pump Station I	2049	2,749,717	0	(107,832)	2,641,885	107,832
2016	0.00%	Pershing Avenue Water Main	2048	612,452	0	(24,998)	587,454	24,998
2017	0.00%	State Route 4 Water Main	2049	365,094	0	(14,318)	350,776	14,318
2017	0.00%	Arlington Avenue Water Main	2049	521,853	0	(19,693)	502,160	19,693
2017	0.00%	Gilmore Road Pump Station II	2049	347,278	0	(13,619)	333,659	13,619
2018	0.00%	Southern Hills Water Main	2049	1,601,819	0	(60,446)	1,541,373	60,446
2019	0.00%	Bilstein Water Main Loop	2050	210,252	0	(7,934)	202,318	7,934
2020	0.00%	Highland Park Water Main	2051	2,015,270	0	(70,711)	1,944,559	70,711
2019	0.00%	North Third Street Water Main	2050	1,410,933	0	(51,307)	1,359,626	51,307
2021	0.00%	SOID Sanitary Sewer Relocation	2052	2,318,898	0	(79,962)	2,238,936	79,962
2024	0.00%	Millville Avenue Water Improvements	2054	0	1,564,180	0	1,564,180	0
		Total Ohio Public Works Commission Loans		12,153,566	1,564,180	(450,820)	13,266,926	450,820
Installment Loan:								
2022	2.45%	Vacuum Truck	2024	127,976	0	(127,976)	0	0
Business-Type Activities Other Long-Term Obligations:								
		Subscription Based Information Technology Arrangements (SBITA)		405,379	0	(133,901)	271,478	142,868
		Compensated absences		5,253,225	250,293	0	5,503,518	2,435,081
		Business-Type Activities Debt and Other Long-Term Obligations		\$122,041,797	\$2,376,823	(\$6,465,851)	\$117,952,769	\$8,625,734

*The Ohio Water Development Authority Loans and Ohio Public Works Commission Loans are direct borrowings. **December 31, 2023 compensated absences balance was restated due to implementation of GASB Statement 101. See note 23.

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Outstanding revenue bonds totaled \$90,245,000 at December 31, 2024. Under the terms of the revenue bond indentures, the City has agreed to certain covenants including, among other things, maintaining revenue levels to provide for operating expenses and debt service. All of the borrowing issued under the master trust indentures for the revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the insurer guarantees the payments of principal and interest.

A. Future Long-Term Financing Requirements

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

GOVERNMENTAL ACTIVITIES									
	General Obligation Bonds			Income Tax Revenue Bonds*					
Years	Principal	Interest	Total	Principal	Interest	Total			
2025	\$470,000	\$401,734	\$871,734	\$473,739	\$172,657	\$646,396			
2026	480,000	385,584	865,584	488,150	158,248	646,398			
2027	490,000	371,184	861,184	502,999	143,400	646,399			
2028	500,000	357,584	857,584	518,248	128,152	646,400			
2029	415,000	343,296	758,296	539,016	112,389	651,405			
2030-2034	2,385,000	1,516,663	3,901,663	2,948,846	308,193	3,257,039			
2035-2039	3,090,000	1,042,731	4,132,731	537,108	7,348	544,456			
2040-2044	2,065,000	563,906	2,628,906	0	0	0			
2045-2048	1,800,000	171,563	1,971,563	0	0	0			
Totals	\$11,695,000	\$5,154,245	\$16,849,245	\$6,008,106	\$1,030,387	\$7,038,493			
GOVERNMENTAL ACTIVITIES									
	Special Obligation Non-Tax Revenue Bonds*			OWDA Loans*			Installment Loans		
Years	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$585,000	\$909,399	\$1,494,399	\$179,546	\$104,642	\$284,188	\$622,489	\$874,934	\$1,497,423
2026	920,000	898,386	1,818,386	182,805	101,384	284,189	608,867	854,052	1,462,919
2027	940,000	883,055	1,823,055	186,125	98,064	284,189	631,569	832,054	1,463,623
2028	955,000	865,534	1,820,534	189,507	94,682	284,189	654,407	809,378	1,463,785
2029	975,000	845,766	1,820,766	192,952	91,236	284,188	615,000	785,275	1,400,275
2030-2034	5,200,000	3,887,904	9,087,904	1,018,755	402,189	1,420,944	3,460,000	3,551,520	7,011,520
2035-2039	5,925,000	3,135,181	9,060,181	1,115,156	305,788	1,420,944	4,205,000	2,804,200	7,009,200
2040-2044	6,555,000	2,121,358	8,676,358	1,221,005	199,939	1,420,944	5,110,000	1,893,200	7,003,200
2045-2049	7,455,000	952,665	8,407,665	1,260,756	83,688	1,344,444	6,220,000	785,800	7,005,800
2050-2052	1,650,000	28,718	1,678,718	320,861	7,110	327,971	0	0	0
Totals	\$31,160,000	\$14,527,966	\$45,687,966	\$5,867,468	\$1,488,722	\$7,356,190	\$22,127,332	\$13,190,413	\$35,317,745

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Future Long-Term Financing Requirements (Continued)

Years	BUSINESS-TYPE ACTIVITIES								
	Revenue Bonds			General Obligation Bonds			OWDA/OPWC Loans*		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$5,470,000	\$3,559,320	\$9,029,320	\$25,000	\$13,868	\$38,868	\$552,785	\$36,249	\$589,034
2026	5,715,000	3,316,704	9,031,704	25,000	13,118	38,118	637,130	34,121	671,251
2027	4,760,000	3,069,828	7,829,828	25,000	12,368	37,368	639,309	31,942	671,251
2028	4,325,000	2,862,146	7,187,146	25,000	11,718	36,718	641,540	29,711	671,251
2029	4,560,000	2,683,641	7,243,641	30,000	11,030	41,030	643,824	27,427	671,251
2030-2034	22,885,000	10,812,751	33,697,751	150,000	41,200	191,200	3,130,267	107,854	3,238,121
2035-2039	27,260,000	6,031,013	33,291,013	140,000	12,688	152,688	3,032,846	69,197	3,102,043
2040-2044	10,335,000	1,726,550	12,061,550	0	0	0	2,901,368	40,858	2,942,226
2045-2049	4,935,000	455,213	5,390,213	0	0	0	2,795,848	13,293	2,809,141
2050-2054	0	0	0	0	0	0	1,001,972	0	1,001,972
Totals	\$90,245,000	\$34,517,166	\$124,762,166	\$420,000	\$115,990	\$535,990	\$15,976,889	\$390,652	\$16,367,541

*The Income Tax Revenue Bonds and Special Obligation Non-Tax Revenue Bonds are direct placement debt. The Ohio Water Development Authority Loans and Ohio Public Works Commission Loans are direct borrowing debt.

The City's total debt margin was \$86,701,317 at December 31, 2024. The Ohio Revised Code provides that the net debt of a municipal corporation, when 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 taxable value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage.

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

B. Installment Loans

In May 2024 the City received a \$283,523 installment loan for the purchase of a milling machine. The loan carries an interest rate of 5.02% and matures in 2028. In June 2022 the City received a \$384,003 installment loan for the purchase of a vacuum truck. The loan carries an interest rate of 2.45% and matured in 2024. In April 2022 the City received a \$150,561 installment loan for the purchase of a truck mounted leaf collector. The loan carries an interest rate of 3.25% and matures in 2025.

In March 2019 the City received \$24,768,150 from the Hamilton Community Authority (a discretely presented component unit) for sale of the Hamilton Government Building located at 345 High Street. Amounts received from the Authority will be paid back over a period of 30 years, after which time the City will own the building. The building is reported by the City as Governmental Activities capital assets at historical cost. The total loan balance at December 31, 2024 was \$21,875,000.

C. Conduit Debt

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2024, there were two series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$7,017,288.

D. Ohio Water Development Authority Loans

Boiler Replacement - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a boiler replacement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2024, the City had received \$84,715 from OWDA. Subsequent amounts will be received in future years.

Sanitary Sewer Improvements - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a sanitary sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2024, the City had received \$359,600 from OWDA. Subsequent amounts will be received in future years.

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

D. Ohio Water Development Authority Loans (Continued)

Sanitary Sewer Facilities - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a sanitary sewer facilities master plan project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2024, the City had received \$264,075 from OWDA. Subsequent amounts will be received in future years.

Gravity Collector Improvements - In 2023 the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan for a gravity collector sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the City in increments as the project is completed. As of December 31, 2024, the City had received \$165,000 from OWDA. Subsequent amounts will be received in future years.

E. Ohio Public Works Commission Loans

Millville Avenue Water Improvements - In 2024 the City obtained financing through the Ohio Public Works Commission for Millville Avenue water improvements at an interest rate of 0%. This loan is received by the City in increments as the project is completed. As of December 31, 2024, the City had received \$1,564,180 from OPWC. Subsequent amounts will be received in future years.

F. Claim Payable

The City is reporting a \$3,150,000 claim payable to St. Clair Township. The liability is the result of a settlement between the City and Township involving the annexation of property by the City from the Township. The liability will be paid over a period of 10 years at an interest rate of 3.0%.

G. Pledged Revenue Coverage

The Gas Utility revenue bonds are payable from the net revenue derived from operations of the gas utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2027 and 2038. In 2024 the Gas Fund reported \$2,281,183 of net pledged revenues for coverage of a principal and interest debt service requirement of \$773,248.

The Electric Utility revenue bonds are payable from the net revenue derived from operations of the electric utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2030, 2039, and 2049. In 2024 the Electric Fund reported \$15,426,860 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,766,400.

CITY OF HAMILTON, OHIO

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

NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

G. Pledged Revenue Coverage (Continued)

The Water Utility revenue bonds are payable from the net revenue derived from operations of the water utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2029, 2039, 2044, 2048, and 2049. In 2024 the Water Fund reported \$4,653,329 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,044,950.

The Wastewater Utility revenue bonds are payable from the net revenue derived from operations of the wastewater utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2026, 2039, and 2041. In 2024 the Wastewater Fund reported \$5,511,442 of net pledged revenues for coverage of a principal and interest debt service requirement of \$3,449,088.

NOTE 14 – LEASES

A. Leases Receivable

The City leases various office space and a cell phone tower as lessor. In 2024 the City received \$306,128 in lease revenue and \$68,211 in interest payments. Total lease receivable balances at December 31, 2024 are as follows:

Fund	Leases Receivable
General Fund	\$3,482,767
Golf Course Fund	22,988
Electric Fund	92,014
Total Leases Receivable	<u>\$3,597,769</u>

B. Leases Payable

The City leases various office space and police equipment.

The following is a schedule of future lease payments as of December 31, 2024:

Years	Leases Payable - Governmental Activities		
	Principal	Interest	Total
2025	\$43,430	\$3,374	\$46,804
2026	45,200	1,604	46,804
2027	15,472	129	15,601
Totals	<u>\$104,102</u>	<u>\$5,107</u>	<u>\$109,209</u>

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

NOTE 15 – SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City has entered into multiple Subscription Based Information Technology Arrangements (SBITAs) for the right to use various software platforms. Cost and accumulated depreciation reported in Governmental Activities for SBITA assets is \$98,948 and \$39,580, respectively. Cost and accumulated depreciation reported in Business-Type Activities for SBITA assets is \$505,679 and \$247,497, respectively.

The related liability is included in the Governmental Activities and Business-Type Activities Long-Term Liabilities.

The following is a schedule of future SBITA payments as of December 31, 2024:

Years	Governmental Activities		Business-Type Activities	
	SBITA		SBITA	
	Principal	Interest	Principal	Interest
2025	\$23,260	\$3,001	\$142,868	\$13,440
2026	24,818	1,443	120,824	4,297
2027	8,638	117	7,786	42
Totals	<u>\$56,716</u>	<u>\$4,561</u>	<u>\$271,478</u>	<u>\$17,779</u>

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability; damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains a number of insurance coverages in order to protect against the various risks mentioned above. Those coverages are as follows:

Property Insurance	\$282,041,231	Limit
Earthquake	\$25,000,000	
Flood	\$10,000,000	
Ordinance or Law Coverage	\$1,250,000	
Extra Expense Designated Locations	\$1,500,000	
Valuable Papers Restoration	\$1,250,000	
 Electric Property Insurance	 \$402,991,598	 Limit
Earthquake	\$50,000,000	
Flood	\$50,000,000	
Demolition and Increased Cost Construction	\$10,000,000	
Newly Acquired Locations	\$5,000,000	
Misc. Unnamed Locations	\$250,000	
 Boiler and Machinery		
Non-Generation Machinery & Equipment	\$40,000,000	Limit
Generation Machinery & Equipment	\$70,310,479	Limit
 Auto	 \$1,000,000	 Limit
Comprehensive and Collision	\$20,000	Deductible
Garage Keepers Liability	\$500,000	Limit
 Crime – Theft of Money and Securities In/Out	 \$500,000	 Limit
 Forgery and Alteration Coverage	 \$500,000	 Limit
 Public Officials Bond – Treasurer	 \$500,000	 Limit
 Public Officials Bond – All Others	 \$500,000	 Limit
 Police Professional Liability (per occurrence)	 \$1,000,000	 Limit

CITY OF HAMILTON, OHIO

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

Public Officials Liability	\$1,000,000	Limit
Public Utilities Excess Liability	\$80,000,000	Limit
Claims Made Retroactive 4/86		
Combined Products Liability		
Completed Operations Liability		
Failure to Supply Liability		
Pollution Liability		
Medical Malpractice Liability		
General Liability (per occurrence)	\$1,000,000	Limit
Products, Personal Injury, Stop Gap Liability	\$1,000,000	Limit
Ambulance Attendants Errors and Omissions	\$1,000,000	Limit
Pollution Legal Liability	\$10,000,000	Aggregate
Named NDD Housing Lead Abatement		
One Year Term		
Umbrella	\$19,000,000	Limit
Does not apply separately over the underlying/primary coverages		

Third-party liability coverage is subject to a \$100,000 Self-Insured Retention (SIR). A \$400,000 total Self-Insured Retention (SIR) (annual) will be applicable to Public Entity General Liability, Employee Benefit, Plan Administration Liability, Employment Practices Liability, Liquor Liability, Law Enforcement Liability, Auto Liability, and Public Entity Management Liability. This will act as an aggregate stop loss maximum. Third party claims adjustment services are provided by Travelers Insurance as per the terms of the City of Hamilton's contract with Travelers Insurance for SIR claims and Cunningham Lindsey U.S. Inc. for utility claims.

There has been no significant reduction in coverage in 2024. Settled claims did not exceed this commercial coverage in any of the past three years.

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Self-Insurance

Medical coverage is offered to employees through a self-funded insurance plan. The plan is offered to local governments state-wide through the Jefferson Health Plan (JHP) in Steubenville, Ohio and administered by United Healthcare of Ohio.

The City participates in the plan and makes payment to the Risk Management Agency based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of \$853,507 reported in the General Fund at December 31, 2024 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This amount is non-discounted and is based upon historical claims experience. Changes in the claims liability in 2023 and 2024 was as follows:

Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2023	\$1,259,723	\$4,761,727	(\$5,103,451)	\$917,999
2024	917,999	5,710,252	(5,774,744)	853,507

B. BWC Group Retrospective Rating Program

The City participates in the Ohio BWC Group Retrospective Rating Program. The Group Retrospective Rating Program is a performance-based incentive program designed to recover a portion of premium for employers that reduce injury rates and lower associated claims costs. Group retrospective rating member employers initially pay their individual experience rated premium to the BWC as if they were not in a retro group. The total of the individual premiums for the group members is the “standard premium” of the group. 12 months after the end of the policy year, the BWC will calculate the group retrospective premium, based upon developed incurred claim losses of the entire group. The BWC will then compare the group retrospective premium to the standard premium. If the retrospective premium is lower than the standard premium, group members will receive a rebate of the difference. If the retrospective premium is higher, each group member will be charged an assessment to cover the shortfall. This calculation is done again at 24 and 36 months, providing a financial incentive for group members to continuously work on safety and claims management.

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

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

C. BWC Individual Retrospective Rating Program

In prior years the City was enrolled in the Ohio BWC's Individual Retrospective Rating Program. The Individual Retrospective Rating provided the City with an up-front premium discount in exchange for assuming dollar-for-dollar claims liability for any claim filed during the Retrospective Rating policy year. Each retrospective rated policy year carries a 10 year liability period. 2023 was the last year of liability for the City under the Individual Retrospective Rating Program.

GASB Statement No. 10 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the claims liability amount are as follows:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2023	\$11,471	\$35,701	(\$11,471)	\$35,701
2024	35,701	0	(35,701)	0

NOTE 17 – SIGNIFICANT COMMITMENTS

A. Encumbrance Commitments

At December 31, 2024 the City had encumbrance commitments in the Governmental Funds as follows:

<u>Fund</u>	<u>Encumbrances</u>
General Fund	\$1,598,114
Hamilton Capital Improvement Fund	6,713,039
Criminal Justice Center Construction Fund	318,788
Other Governmental Funds	13,252,716
Total Governmental Funds	<u>\$21,882,657</u>

CITY OF HAMILTON, OHIO

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

NOTE 17 – SIGNIFICANT COMMITMENTS (Continued)

B. Contractual Commitments

As of December 31, 2024, the City had contractual commitments related to property, plant and equipment improvements and additions, as well as various other contracts and agreements to provide or receive services related to the operations of the City. The list below reflects the major contracts that comprise commitments at December 31, 2024:

Vendor	Contractual Commitment
R A Miller Construction Co Inc	\$3,684,271
Structural Systems Repair Group	3,671,164
Adleta Inc	1,521,516
River Rock Ventures Inc	1,398,529
A and N Construction Inc	1,228,884
Sunesis Construction Company	1,201,201
Ford Development Corp	1,150,691
Cincinnati United Contractors LLC	1,102,248
Adleta Inc	908,456
Johnsons Fire Equipment	899,864
City Of Hamilton	898,056
R B Jergens Contractors Inc	862,067
Johnsons Fire Equipment	826,429
R A Miller Construction Co Inc	821,510
Historic Mill Land 2 LLC	664,250
Howmedica Osteonics Corp	560,134
City Of Hamilton	557,182
Hamilton Community Foundation	500,000
City Of Hamilton	491,036
Best Equipment Company Inc	474,962
Burgess & Niple Inc	401,329
ECB Solutions LLC	388,600
Hazen and Sawyer DPC	362,795
Terex Utilities Inc	359,478
Inliner Solutions LLC	358,719
Garland DBS Inc	350,000
Gridtech LLC	321,481
Rumpke Consolidated Companies Inc	316,767
Mi De Con Inc	297,000
Litostroj Hydro Inc	286,357
P and G Power Co	266,500
	<u>\$27,131,476</u>

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

NOTE 18 – CONTINGENCIES

A. Litigation

Various claims and lawsuits are pending against the City. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the City's financial position.

B. Federal and State Grants

For the period January 1, 2024 to December 31, 2024, the City received federal and state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

C. Asset Retirement Obligations

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

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

The City's licenses with the Federal Energy Regulatory Commission for operation of the Greenup Hydroelectric Plant on the Ohio River and the City of Hamilton Hydroelectric Plant on the Great Miami River state that, upon retirement of the facility, the Commission may require the City to remove any or all structures, equipment, and power lines within the project boundary and take any such other action necessary to restore the project waters, lands, and facilities remaining. At this time, the City has no plans of retiring these plants and therefore is unable to know what the Commission's requirements would be. Due to the lack of specific license requirements for the retiring of the hydroelectric plants, the City has determined that the amount of the Asset Retirement Obligation cannot be reasonably estimated.

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

NOTE 19 – JOINT VENTURES

The City of Hamilton is a member of a number of Governmental Joint Ventures as described in GASB Statement No. 61. The following is a list of organizations and a brief description of each Joint Venture.

A. Hamilton-Indian Springs Joint Economic Development Districts

In 1996, the Hamilton-Indian Springs Joint Economic Development District (JEDD) between the City of Hamilton and Fairfield Township was approved by Fairfield Township voters. It set aside over 200 acres of prime land, zoned for business and industrial, to be serviced jointly as specified in the contract and marketed for commercial/industrial development. The original JEDD authorized a 2% earnings tax on all business within its boundaries, of which 75% flows to the City and 25% flows to the Township. One stipulation of the JEDD agreement is that the City of Hamilton will not annex any township land for the 30-year term of the contract. In exchange, 12 acres of county-owned land on the boundary between Hamilton and the Township was transferred to the City. The JEDD contains Menards, which opened in 2011, a home improvement chain store with locations throughout the Midwestern United States. Construction was completed on a new Hobby Lobby store in 2015 and Discount Tire and AAA Storage opened for business during 2016. An amendment to the JEDD was approved in August 2004 to add over 100 acres of retail development. This amendment reversed the collection percentage of the entities (75% for Fairfield Township and 25% for the City) for this section of land. To date, the development in the JEDD areas has proceeded at a strong pace. A number of projects and developments have occurred within all phases of the JEDD, including several banks and restaurants, as well as stores such as Wal-Mart, Target, Dick's, Best Buy, JC Penney, Staples and a variety of other retail establishments. The interchange was upgraded and the State Route 4 By-Pass was widened to provide improved access to the JEDD. Due to this JEDD's location around the interchange of State Route 129 and the State Route 4 By-Pass, additional retail and commercial development is expected to continue at this location into the future.

In April 2017, a second amendment to the JEDD was approved to add approximately 184 acres. Income tax collections in this area are distributed 50% to the City of Hamilton and 50% to Fairfield Township. The land comprising the JEDD around the intersection of Gilmore Road and Hamilton Mason Road includes an assisted living facility operated by StoryPoint Senior Living on about 15 acres of the land.

During 2024, the City's distribution of tax collections for the Hamilton-Indian Springs Joint Economic Development District totaled \$818,173.

B. American Municipal Power (AMP) – OMEGA JV2 Project

In December 2000, the City became a part of the OMEGA (Ohio Municipal Energy Generation Association) JV2 Project. The OMEGA JV2 project is a joint venture among the City of Hamilton and 35 other participating municipalities created under the auspices of the Ohio Constitution Section XVIII, Sections 3 and 4 and Ohio Revised Code Section 715.02. All of the participating communities are members of AMP, Inc. and the joint venture has appointed that non-profit corporation to perform certain management functions.

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

NOTE 19 – JOINT VENTURES (Continued)

B. American Municipal Power (AMP) – OMEGA JV2 Project (Continued)

The purpose of the joint venture is to create distributive generation among the participating members allowing for increased electric production capacity during peak demand. The degree of control exercised by any participating member is weighted in proportion to each participant's project share, which is 23.87% for the City (a non-majority voting position). Project share is equal to the amount of distributive generation capacity for each of the members. Membership in the joint venture is defined as financing or non-financing participant, as well as an owner or purchasing participant, for which the City qualifies as a financing, purchasing participant. As a financing purchasing participant, the City makes payments to OMEGA JV2.

The continued existence of OMEGA JV2 is dependent upon the City's continued participation, but the City, as a financing purchasing participant, does not have an equity interest in OMEGA JV2. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43219.

C. Meldahl Hydroelectric Project

AMP constructed a three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the "Meldahl Project"). Now that the Meldahl Project has entered commercial operation, it has a generating capacity of approximately 105 MW. The City of Hamilton and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license to operate the Meldahl Project.

The City of Hamilton has executed a take-or-pay power sales contract with AMP for a Project Share of 54MW or 51.4% of capacity and associated energy from the Meldahl Project.

Pursuant to the various agreements between Hamilton and AMP, the Meldahl Project is owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company ("Meldahl, LLC"). AMP is the sole member of Meldahl, LLC and appoints three members of its Board of Directors (the Meldahl Board). AMP, acting as agent of Meldahl LLC, has financed the development, acquisition, construction and equipping of the Meldahl Project. In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of its Meldahl Hydroelectric Project Revenue Bonds (the "Meldahl Bonds") in the amount of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. The Meldahl Project entered commercial operation on April 12, 2016.

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

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS

The City of Hamilton is a member of a number of Jointly Governed Organizations as described in GASB Statement No. 61. The following is a list of organizations and a brief description of each Jointly Governed Organization.

A. AMP, Inc.

The City of Hamilton is a member of American Municipal Power, Inc. (AMP). AMP is a non-profit corporation organized under Ohio law and Internal Revenue Code Section 501 and is a jointly governed organization. The organization operates on a non-profit basis for the mutual benefit of its member municipalities, all of whom own or operate a municipal electric system. The non-profit corporation is dedicated to providing member assistance and low-cost power supplies.

The controlling board of AMP, Inc. is based upon a representative from several of the member communities. The degree of control exercised by any participating government is limited to its representation on the board. The continued existence of the corporation is not dependent upon the City. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43229.

B. Transportation Improvement District of Butler County

The Transportation Improvement District of Butler County (TID), a jointly governed organization, provides the opportunity to construct roads, bridges, and accompanying improvements within the County. The TID's Board of Trustees, which consists of representatives from Butler County, two cities and three townships, oversees the operation of the District. The continued existence of the TID is not dependent upon the City of Hamilton's continued participation and the City of Hamilton has no equity interest in the Transportation Improvement District. Complete financial statements can be obtained from the Transportation Improvement District, 1921 Fairgrove Ave., Hamilton, Ohio 45011.

C. Butler County Emergency Management Agency

The Butler County Emergency Management Agency (EMA) is a jointly governed organization whose membership consists of Butler County, five cities including the City of Hamilton, and seven villages. The EMA was created by a countywide agreement with the Butler County Commissioners and is intended to provide cooperative effort between all local governments to manage disaster relief and coordinate with the Federal Emergency Management Agency (FEMA) in times of crisis. The twenty-six members of the advisory council comprise one County Commissioner and the chief official of each of the local government members. The continued existence of the Butler County Emergency Management Agency is not dependent upon the City's continued participation and the City of Hamilton has no equity interest in the Butler County EMA. Complete financial statements can be obtained from the Butler County Emergency Management Agency, 315 High Street, Hamilton, Ohio 45011.

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

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Hamilton Community Improvement Corporation

The Hamilton Community Improvement Corporation (CIC) was incorporated under Internal Revenue Code Section 501(c)(6) in 1966 to advance, encourage, and promote the industrial, economic, commercial, and civil development of the City of Hamilton and the area surrounding it. The CIC is a jointly governed organization. The Board of Trustees of the CIC provides oversight to the CIC's operations and is comprised of members representing the City of Hamilton, the Greater Hamilton Chamber of Commerce and local business officials. The City does not maintain a voting majority on the Board and the CIC is not dependent on the City's continued participation for its continued existence. Complete financial statements can be obtained from the Hamilton Community Improvement Corporation, 345 High Street, Hamilton, Ohio 45011.

E. Hamilton Economic Development Corporation

The Hamilton Economic Development Corporation (HEDC) was organized to provide increased awareness to Downtown Hamilton businesses and to foster economic growth within the City. The corporation was formed under Internal Revenue Code Section 501(c)(6) and is a jointly governed organization. The HEDC's Board provides oversight to the activities of the organization. The Board consists of the City Manager of Hamilton, the Mayor and Vice-Mayor of Hamilton, one County Commissioner, the Superintendent of the Hamilton City School District, and the thirty-three members of the Hamilton Chamber of Commerce. The City does not maintain a voting majority on the Board and the HEDC is not dependent on the City's continued participation for its continued existence. Complete financial statements can be obtained from the HEDC, 201 Dayton Street, Hamilton, Ohio 45011.

F. Ohio-Kentucky-Indiana Regional Council of Governments

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI), a jointly governed organization, was established to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the OKI Region. The OKI region includes Butler, Clermont, Hamilton, and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky, and Dearborn and Ohio Counties in Indiana.

OKI contracts for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City.

CITY OF HAMILTON, OHIO

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

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

F. Ohio-Kentucky-Indiana Regional Council of Governments (Continued)

This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI effective two years after receipt of the notice by OKI. To obtain financial statements of the Ohio-Kentucky-Indiana Regional Council of governments, write to OKI at 720 E. Pete Rose Way, Suite 420, Cincinnati, OH 45202.

NOTE 21 – ENTERPRISE INTERFUND REVENUES AND ADMINISTRATIVE CHARGES

The City's Utility Enterprise activities (Gas, Electric, Water and Wastewater) make sales to one another on both a daily basis and a non-routine basis, at standard utility rates defined by municipal ordinance.

During 2024, the Electric Fund purchased \$101,390 of natural gas from the Gas Fund. This amount is reflected in the purchased electric expense account in the Electric Fund and as charges for services in the Gas Fund.

The Water and Wastewater Funds purchased electric services from the Electric Fund in the amount of \$1,242,395 and \$607,534 respectively, during 2024. These amounts are recorded in the Water and Wastewater Funds as contractual services and as charges for services in the Electric Fund.

The City's Electric System provides street and traffic lighting services to the City and the estimated operating cost of supplying these services was approximately \$295,000 for the year ending December 31, 2024.

Beginning in 2009, Council approved a policy to provide certain utility costs to general government facilities at no cost. The estimated operating cost of supplying gas, water, and wastewater utilities at no cost to general governmental facilities was estimated to be \$234,243 for the year ending December 31, 2024.

The Utility Systems are allocated a portion of the City's administrative cost from the General Fund. In addition, each Utility is charged expenses by the City's Internal Service Funds. Represented below is the amount charged to each Utility Fund by type of charge or activity for 2024.

	Gas	Electric	Water	Wastewater
Administrative cost (General Fund)	\$1,397,411	\$1,661,310	\$1,397,411	\$1,240,054
Central Services Fund	2,846,893	2,822,194	1,750,509	1,676,659
Fleet Maintenance Fund	448,333	707,164	373,985	90,008
Total	<u>\$4,692,637</u>	<u>\$5,190,668</u>	<u>\$3,521,905</u>	<u>\$3,006,721</u>

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

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the government-wide financial statements includes the financial data of the City's discretely presented component unit, the Hamilton Community Authority (Authority).

A. Basis of Accounting

The basic financial statements of the Authority are prepared using the accrual basis of accounting in conformity with GAAP.

B. Basis of Presentation

The Authority's basic financial statements consist of a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

C. Deposits

As of December 31, 2024, the Authority had \$23,470 in cash on deposit with US Bank (Trustee) and \$5,405,717 on deposit with Huntington Bank (Trustee) in accordance with the Authority's Master Trust Agreements with the Trustees. The amount on deposit with the Trustees consists of US Treasury money market funds, US Treasury Bills, and Certificates of Deposit. These accounts are reported as cash and investments on the Statement of Net Position.

D. Loan Receivable

In March 2019, the Authority issued \$24,860,000 in revenue bonds to purchase the Hamilton Government Building located at 345 High Street for \$24,768,150. Amounts received by the City will be paid back over a period of 30 years, after which time the City will own the building. The Authority has pledged the payments received from the City for the payment of principal and interest on the bonds. In 2024, the City paid the Authority \$1,399,190.

The following is a schedule of future loan payments to be received from the City as of December 31, 2024:

Years	Loan Receivable		
	Principal	Interest	Total
2025	\$540,000	\$862,810	\$1,402,810
2026	555,000	845,530	1,400,530
2027	575,000	826,235	1,401,235
2028	595,000	806,397	1,401,397
2029	615,000	785,275	1,400,275
2030-2034	3,460,000	3,551,520	7,011,520
2035-2039	4,205,000	2,804,200	7,009,200
2040-2044	5,110,000	1,893,200	7,003,200
2045-2049	6,220,000	785,800	7,005,800
Totals	<u>\$21,875,000</u>	<u>\$13,160,967</u>	<u>\$35,035,967</u>

CITY OF HAMILTON, OHIO

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

NOTE 22 – DISCRETELY PRESENTED COMPONENT UNIT (Continued)**E. Long-Term Debt**

Debt activity for the Authority for the year ended December 31, 2024 was as follows:

	Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Due Within One Year
2019 Building Revenue Bonds	\$22,395,000	\$0	(\$520,000)	\$21,875,000	\$540,000
2020 PACE Bonds	31,535,000	0	(515,000)	31,020,000	550,000
2020 TIF Bonds	36,055,000	0	(25,000)	36,030,000	25,000
2021 Parking Revenue Bonds	12,710,000	0	(200,000)	12,510,000	210,000
Bond Premium (Discount)	(2,520,107)	0	91,491	(2,428,616)	0
Total Bonds	<u>\$100,174,893</u>	<u>\$0</u>	<u>(\$1,168,509)</u>	<u>\$99,006,384</u>	<u>\$1,325,000</u>

The Authority issued revenue bonds to purchase the Hamilton Government Building located at 345 High Street in 2019. The City is making annual payments to the Authority. The Authority has pledged the payments received from the City for the payment of principal and interest on the revenue bonds.

The Property Assessed Clean Energy (PACE) Bonds were issued to finance energy improvements at the Champion Mill Spooky Nook Sports Complex site. The City has levied special assessments on the project site, which will be collected and remitted to the Authority. The debt will be retired by the assessments collected from the project site owner. The Authority is reporting a receivable from the City for the assessments to be collected by the City and remitted to the Authority.

The Authority issued Tax Increment Financing (TIF) Bonds in 2020 to fund infrastructure improvements at the Champion Mill Spooky Nook Sports Complex site. The bonds will be retired with payments in lieu of taxes received from the property owner.

In 2021, the Authority issued \$12,900,000 of Revenue Bonds to be used for developer parking lot improvements and City of Hamilton Parking lot improvements for the Spooky Nook Sports Complex. Repayment of debt will be made with community development charges and net parking revenue.

NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

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

GASB Statement No. 100 addresses accounting and financial reporting requirements for accounting changes and error corrections. GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences.

CITY OF HAMILTON, OHIO

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

NOTE 23 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)

The implementation of GASB Statement 101 had the following effect on net position as reported December 31, 2023:

	Governmental Activities	Business-Type Activities	Gas Fund	Electric Fund
Net Position December 31, 2023, as Reported	\$115,833,321	\$261,904,896	\$29,668,314	\$138,425,012
Adjustments:				
Change in Compensated Absences	(3,418,401)	(1,805,218)	(218,894)	(680,963)
Restated Net Position December 31, 2023	<u>\$112,414,920</u>	<u>\$260,099,678</u>	<u>\$29,449,420</u>	<u>\$137,744,049</u>
	Water Fund	Wastewater Fund	Fleet Maintenance Fund	Central Services Fund
Net Position December 31, 2023, as Reported	\$69,594,816	\$29,118,649	(\$1,366,378)	(\$4,901,895)
Adjustments:				
Change in Compensated Absences	(349,915)	(253,624)	(67,844)	(301,822)
Restated Net Position December 31, 2023	<u>\$69,244,901</u>	<u>\$28,865,025</u>	<u>(\$1,434,222)</u>	<u>(\$5,203,717)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HAMILTON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
City's proportion of the net pension liability	0.195707%	0.180651%	0.181112%	0.194154%
City's proportionate share of the net pension liability	\$23,604,447	\$31,291,101	\$41,127,343	\$30,459,006
City's covered payroll	\$24,075,983	\$22,863,367	\$23,579,133	\$25,659,746
City's proportionate share of the net pension liability as a percentage of its covered payroll	98.04%	136.86%	174.42%	118.70%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	81.08%	77.25%	84.66%

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

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
City's proportion of the net pension liability	0.738902%	0.702774%	0.684675%	0.711449%
City's proportionate share of the net pension liability	\$38,278,184	\$45,209,938	\$43,366,613	\$43,664,825
City's covered payroll	\$14,571,091	\$14,408,748	\$14,718,583	\$15,525,792
City's proportionate share of the net pension liability as a percentage of its covered payroll	262.70%	313.77%	294.64%	281.24%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	66.77%	68.36%	70.91%

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

CITY OF HAMILTON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	2019	2020	2021
City's proportion of the net pension liability	0.192963%	0.192546%	0.192842%
City's proportionate share of the net pension liability	\$52,848,657	\$38,058,030	\$28,555,709
City's covered payroll	\$26,172,393	\$27,177,157	\$27,451,886
City's proportionate share of the net pension liability as a percentage of its covered payroll	201.93%	140.04%	104.02%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	82.17%	86.88%

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

Ohio Police and Fire Pension Fund

Year	2019	2020	2021
City's proportion of the net pension liability	0.708997%	0.700746%	0.713153%
City's proportionate share of the net pension liability	\$57,872,890	\$47,205,981	\$48,616,268
City's covered payroll	\$16,127,372	\$16,769,908	\$17,643,755
City's proportionate share of the net pension liability as a percentage of its covered payroll	358.85%	281.49%	275.54%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	69.89%	70.65%

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

CITY OF HAMILTON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	2022	2023	2024
City's proportion of the net pension liability	0.196555%	0.184175%	0.181512%
City's proportionate share of the net pension liability	\$17,101,085	\$54,405,380	\$47,520,588
City's covered payroll	\$27,629,593	\$28,677,679	\$29,991,100
City's proportionate share of the net pension liability as a percentage of its covered payroll	61.89%	189.71%	158.45%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	75.74%	79.01%

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

Ohio Police and Fire Pension Fund

Year	2022	2023	2024
City's proportion of the net pension liability	0.739344%	0.727749%	0.709792%
City's proportionate share of the net pension liability	\$46,189,957	\$69,129,083	\$68,575,695
City's covered payroll	\$18,147,094	\$19,887,089	\$20,218,828
City's proportionate share of the net pension liability as a percentage of its covered payroll	254.53%	347.61%	339.17%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	62.90%	63.63%

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

The schedule is reported as of the measurement date of the Net Pension Liability,
which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of City Pension Contributions - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
Contractually required contribution	\$2,743,604	\$2,829,496	\$3,335,767	\$3,664,135
Contributions in relation to the contractually required contribution	<u>2,743,604</u>	<u>2,829,496</u>	<u>3,335,767</u>	<u>3,664,135</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$22,863,367	\$23,579,133	\$25,659,746	\$26,172,393
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
Contractually required contribution	\$3,060,364	\$3,127,255	\$3,291,033	\$3,409,109
Contributions in relation to the contractually required contribution	<u>3,060,364</u>	<u>3,127,255</u>	<u>3,291,033</u>	<u>3,409,109</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,408,748	\$14,718,583	\$15,525,792	\$16,127,372
Contributions as a percentage of covered payroll	21.24%	21.25%	21.20%	21.14%

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

CITY OF HAMILTON, OHIO

***Schedule of City Pension Contributions - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$3,804,802	\$3,843,264	\$3,868,143
Contributions in relation to the contractually required contribution	<u>3,804,802</u>	<u>3,843,264</u>	<u>3,868,143</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$27,177,157	\$27,451,886	\$27,629,593
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$3,544,582	\$3,732,159	\$3,839,298
Contributions in relation to the contractually required contribution	<u>3,544,582</u>	<u>3,732,159</u>	<u>3,839,298</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$16,769,908	\$17,643,755	\$18,147,094
Contributions as a percentage of covered payroll	21.14%	21.15%	21.16%

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

CITY OF HAMILTON, OHIO

***Schedule of City Pension Contributions - Cost Sharing Plans
Last Ten Years***

Ohio Public Employees Retirement System

Year	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$4,014,875	\$4,198,754	\$4,531,327
Contributions in relation to the contractually required contribution	<u>4,014,875</u>	<u>4,198,754</u>	<u>4,531,327</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$28,677,679	\$29,991,100	\$32,366,621
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	<u>2022</u>	<u>2023</u>	<u>2024</u>
Contractually required contribution	\$4,184,855	\$4,298,065	\$4,303,927
Contributions in relation to the contractually required contribution	<u>4,184,855</u>	<u>4,298,065</u>	<u>4,303,927</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$19,887,089	\$20,218,828	\$20,341,564
Contributions as a percentage of covered payroll	21.04%	21.26%	21.16%

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.184216%	0.196423%	0.195454%	0.195755%
City's proportionate share of the net OPEB liability (asset)	\$18,606,477	\$21,330,123	\$25,482,589	\$27,038,853
City's covered payroll	\$23,579,133	\$25,659,746	\$26,172,393	\$27,177,157
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	78.91%	83.13%	97.36%	99.49%
Plan fiduciary net position as a percentage of the total OPEB liability	54.05%	54.14%	46.33%	47.80%

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

Ohio Police and Fire Pension Fund

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.684675%	0.711449%	0.708997%	0.700746%
City's proportionate share of the net OPEB liability (asset)	\$32,499,962	\$40,309,693	\$6,456,505	\$6,921,777
City's covered payroll	\$14,718,583	\$15,525,792	\$16,127,372	\$16,769,908
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	220.81%	259.63%	40.03%	41.27%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%	47.08%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2021	2022	2023	2024
City's proportion of the net OPEB liability (asset)	0.197091%	0.201271%	0.189205%	0.187727%
City's proportionate share of the net OPEB liability (asset)	(\$3,511,330)	(\$6,304,112)	\$1,192,977	(\$1,694,280)
City's covered payroll	\$27,451,886	\$27,629,593	\$28,677,679	\$29,991,100
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(12.79%)	(22.82%)	4.16%	(5.65%)
Plan fiduciary net position as a percentage of the total OPEB liability	115.57%	128.23%	94.79%	107.76%

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

Ohio Police and Fire Pension Fund

Year	2021	2022	2023	2024
City's proportion of the net OPEB liability (asset)	0.713153%	0.739344%	0.727749%	0.709792%
City's proportionate share of the net OPEB liability (asset)	\$7,555,970	\$8,103,849	\$5,181,361	\$5,182,410
City's covered payroll	\$17,643,755	\$18,147,094	\$19,887,089	\$20,218,828
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	42.83%	44.66%	26.05%	25.63%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	46.86%	52.59%	51.89%

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

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
Contractually required contribution	\$457,267	\$471,583	\$256,597	\$0
Contributions in relation to the contractually required contribution	<u>457,267</u>	<u>471,583</u>	<u>256,597</u>	<u>0</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$22,863,367	\$23,579,133	\$25,659,746	\$26,172,393
Contributions as a percentage of covered payroll	2.00%	2.00%	1.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
Contractually required contribution	\$72,044	\$73,593	\$77,629	\$80,637
Contributions in relation to the contractually required contribution	<u>72,044</u>	<u>73,593</u>	<u>77,629</u>	<u>80,637</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$14,408,748	\$14,718,583	\$15,525,792	\$16,127,372
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2019	2020	2021
Contractually required contribution	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	0	0	0
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$27,177,157	\$27,451,886	\$27,629,593
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	2019	2020	2021
Contractually required contribution	\$83,850	\$88,219	\$90,735
Contributions in relation to the contractually required contribution	83,850	88,219	90,735
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$16,769,908	\$17,643,755	\$18,147,094
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

CITY OF HAMILTON, OHIO

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

Ohio Public Employees Retirement System

Year	2022	2023	2024
Contractually required contribution	\$0	\$0	\$0
Contributions in relation to the contractually required contribution	0	0	0
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$28,677,679	\$29,991,100	\$32,366,621
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	2022	2023	2024
Contractually required contribution	\$99,435	\$101,094	\$101,708
Contributions in relation to the contractually required contribution	99,435	101,094	101,708
Contribution deficiency (excess)	\$0	\$0	\$0
City's covered payroll	\$19,887,089	\$20,218,828	\$20,341,564
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefits (OPEB) Liability –
Single Employer Plan
Last Eight Years***

Retiree Life Insurance Plan

Year	2017	2018	2019	2020
Total OPEB liability	\$1,386,170	\$1,327,255	\$1,502,960	\$1,631,540
City's covered-employee payroll	38,297,716	41,185,538	42,299,765	43,947,065
Total OPEB liability as a percentage of its covered-employee payroll	3.62%	3.22%	3.55%	3.71%

Source: Finance Director's Office

CITY OF HAMILTON, OHIO

***Schedule of City's Other Postemployment Benefits (OPEB) Liability –
Single Employer Plan
Last Eight Years***

Retiree Life Insurance Plan

Year	2021	2022	2023	2024
Total OPEB liability	\$1,681,865	\$1,252,755	\$754,795	\$784,175
City's covered-employee payroll	45,095,640	45,776,687	48,564,768	50,209,928
Total OPEB liability as a percentage of its covered-employee payroll	3.73%	2.74%	1.55%	1.56%

Source: Finance Director's Office

Notes: The Retiree Life Insurance Plan has no assets.

The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

CITY OF HAMILTON, OHIO

***Schedule of Changes in the City's Total Other Postemployment Benefit (OPEB) Liability -
Single Employer Plan
Last Seven Years***

Retiree Life Insurance Plan

Year	2018	2019	2020
Total OPEB Liability Beginning of Year	\$1,386,170	\$1,327,255	\$1,502,960
Service cost	15,498	14,686	18,382
Interest	47,062	48,811	40,140
Difference between expected and actual experience	19,734	31,916	21,914
Changes of assumptions	(57,311)	166,583	135,366
Benefit payments	(83,898)	(86,291)	(87,222)
Total OPEB Liability End of Year	<u>\$1,327,255</u>	<u>\$1,502,960</u>	<u>\$1,631,540</u>

Source: Finance Director's Office

CITY OF HAMILTON, OHIO

***Schedule of Changes in the City's Total Other Postemployment Benefit (OPEB) Liability -
Single Employer Plan
Last Seven Years***

Retiree Life Insurance Plan

Year	2021	2022	2023	2024
Total OPEB Liability Beginning of Year	\$1,631,540	\$1,681,865	\$1,252,755	\$754,795
Service cost	22,442	24,053	12,479	8,699
Interest	31,740	29,468	48,908	27,676
Difference between expected and actual experience	39,058	(8,500)	(105,958)	72,423
Changes of assumptions	46,567	(384,251)	(392,711)	(25,921)
Benefit payments	(89,482)	(89,880)	(60,678)	(53,497)
Total OPEB Liability End of Year	<u>\$1,681,865</u>	<u>\$1,252,755</u>	<u>\$754,795</u>	<u>\$784,175</u>

Source: Finance Director's Office

Notes: The City implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years
will be displayed as they become available. Information prior to 2018 is not available.

See accompanying notes to the required supplementary information

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

NET PENSION LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

Changes in assumptions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NET PENSION LIABILITY – COST SHARING PLANS (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

Changes in assumptions:

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

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

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

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

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

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

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

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

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

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

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

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

Changes in assumptions:

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

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

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

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

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

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

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

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

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

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

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

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

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

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

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

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

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

Changes in assumptions:

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

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

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

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

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

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

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

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

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

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

NET OPEB LIABILITY (ASSET) - COST SHARING PLANS (Continued)

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

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

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

- The single discount rate changed from 4.27% to 4.07%.

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

TOTAL OPEB LIABILITY – SINGLE EMPLOYER PLAN

RETIREE LIFE INSURANCE PLAN

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

Changes in assumptions:

2018: The single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 disabled retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.

2024: The single discount rate changed from 3.80% to 4.10%.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, INTERNAL
SERVICE FUNDS AND FIDUCIARY FUNDS.*

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to trusts, debt service, or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

One Renaissance Center Fund

To account for revenues and expenditures related to the City-owned office tower known as One Renaissance Center. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Unclaimed Monies Fund

To account for the receipt of monies unable to be returned or distributed. The City will hold the receipts for the statutory period and then the monies will be disbursed to the State of Ohio. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

Convention and Visitor's Bureau Fund

To account for the Hotel/Motel tax levied on guests of the City where 50% of such tax monies are distributed to the Convention and Visitor's Bureau and 50% is distributed to the City.

Central Business Special Improvement District Fund

To account for the receiving and disbursing of special assessments levied upon real property within the Hamilton Central Business Special Improvement District. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Fire Insurance Deposit Escrow Fund

To account for deposits and reimbursements held for fire damage as prescribed by Ohio Revised Code. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Municipal Court Improvement Fund

To account for an extra five dollar fee charged by the municipal court on all cases. The money received from this fee is restricted for computerization projects within the municipal court.

Public Safety/Health Income Tax Fund

To account for revenue from 0.25% of the City's income tax restricted to expenditures for health and public safety.

One Ohio Opioid Settlement Fund

To account for monies obtained and distributed by the State of Ohio for opioid settlements from drug manufacturers and distributors. It is designated for resources to assist with community drug recovery, prevention and treatment.

(Continued)

Special Revenue Funds (Continued)

Wilks Family Foundation Grant Fund

To account for grants received from the Wilks Foundation for tree planting in the City.

Dispute Resolution Proceeds Fund

To account for the collection of certain fees imposed by Municipal Court. These are restricted to dispute resolution.

Safety Services Fund

To account for all monies restricted for public safety services including crime prevention, youth intervention, drug education and helmet and seatbelt safety.

Police Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for police disability and pension.

Police Levy Fund

To account for monies from the one-mill levy to provide additional police personnel, motor vehicles and equipment of the police division.

Firemen's Pension Fund

To accumulate property taxes levied for the partial payment of the current and accrued liability for fire disability and pension.

Fire EMS Levy Fund

To account for monies from the one-mill levy to provide and maintain an additional front line paramedic unit with the fire division.

Street Levy Fund

To account for a 3.9 mill, 10 year property tax levy which is used to fund street improvements.

Champions Mill Sports Complex TIF Fund

To account for service payments in lieu of taxes levied by the City and remitted to the Hamilton Community Authority pursuant to a cooperative agreement

Stormwater Management Fund

To account for the planning, construction, operation and maintenance of storm water devices.

Refuse Fund

To account for revenues collected to help fund the refuse collection activity of the City. Revenue collected is committed to defray the cost of refuse collection.

(Continued)

Special Revenue Funds (Continued)

Street Maintenance Fund

To account for state levied and controlled gasoline tax and motor vehicle license fees restricted for local street construction, maintenance and repair.

Motor Vehicle License Tax Fund

To account for county-levied motor vehicle registration fees designated for street construction, maintenance and repairs. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the Street Maintenance Fund on a GAAP basis.)

Land Reutilization Fund

To account for State grants from the Moving Ohio Forward program to be used for demolition of vacant, abandoned and blighted properties in the City.

Home Program Fund

To account for federal grants restricted for improvement of the community's housing stock.

Parking Fund

To account for revenues and expenditures associated with the operation of City-owned parking facilities.

Golf Course Fund

To account for revenues and expenditures associated with the operation of two City-owned golf courses.

Community Development Block Grant Fund

To account for federal grants restricted for community and environmental improvements.

Debt Service Fund

The Debt Service Funds are used to account for retirement of the County's general obligation bonds, special assessment bonds and loans other than those financed by proprietary funds.

Debt Service Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

(Continued)

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Special Assessment Fund

To account for revenues and expenditures associated with the levy of special assessments on citizen's property.

Municipal Improvement Tax Increment Equivalent (MITIE) Fund

To account for monies deposited as service payments in lieu of taxes distributed by the County Treasurer for improvements exempt from taxation and for their related costs. To account for the deposit of any income tax revenue that has been dedicated to finance the aforementioned improvements.

Fire Station Construction Fund

To account for transfers from the General Fund to be used for the construction costs of building Fire Station 26 on a 2.5 acre site on South Erie Boulevard.

Governmental Building Sale Proceeds Fund

To account for proceeds from the sale of the Hamilton Government Building. A portion of the proceeds were used for infrastructure improvements, and a portion was loaned to developers of the Spooky Nook project.

Issue II Projects Fund

To account for road and bridge construction projects, partially funded by state grants from the Ohio Public Works Commission, pursuant to Auditor of State specifications. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Infrastructure Program Fund

To account for the purpose of improving the City's infrastructure with proceeds from the issuance of gasoline tax revenue general obligation bonds and transfers from other funds.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not *the* principal, may be used to support the City's programs.

Benninghofen Trust Fund

To account for the investment revenues received and uses of the monies from a charitable bequest made to the City for use with the poor by the Benninghofen Family. The bequest cannot be used for any purpose other than generating investment income.

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2024**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 33,754,936	\$ 9,281,159	\$ 75,581	\$ 43,111,676
Receivables:				
Taxes	10,375,283	2,342,917	0	12,718,200
Accounts	1,481,971	0	0	1,481,971
Intergovernmental	2,196,485	0	0	2,196,485
Interest	68,761	0	0	68,761
Special Assessments	37,725	335,545	0	373,270
Settlement	1,259,597	0	0	1,259,597
Loans	182,265	3,500,000	0	3,682,265
Leases	22,988	0	0	22,988
Inventory of Supplies, at Cost	28,325	0	0	28,325
Prepaid Items	60,470	0	0	60,470
Total Assets	\$ 49,468,806	\$ 15,459,621	\$ 75,581	\$ 65,004,008
Liabilities:				
Accounts Payable	\$ 1,020,581	\$ 728,071	\$ 0	\$ 1,748,652
Accrued Wages and Benefits Payable	191,751	0	0	191,751
Intergovernmental Payable	85,840	0	0	85,840
Accrued Liabilities	38,827	0	0	38,827
Customer Deposits	2,440	0	0	2,440
Interfund Payable	0	5,045,178	0	5,045,178
Due to Hamilton Community Authority	2,264,409	0	0	2,264,409
Accrued Interest Payable	4,933	6,333	0	11,266
General Obligation Notes Payable	3,700,000	4,750,000	0	8,450,000
Total Liabilities	7,308,781	10,529,582	0	17,838,363
Deferred Inflows of Resources:				
Unavailable Amounts	4,159,998	579,110	0	4,739,108
Property Tax Levy for Next Fiscal Year	6,236,135	2,099,352	0	8,335,487
Leases	22,316	0	0	22,316
Total Deferred Inflows of Resources	10,418,449	2,678,462	0	13,096,911
Fund Balance:				
Nonspendable	88,795	0	75,000	163,795
Restricted	27,836,698	487,417	581	28,324,696
Committed	3,816,083	0	0	3,816,083
Assigned	0	4,662,048	0	4,662,048
Unassigned	0	(2,897,888)	0	(2,897,888)
Total Fund Balance	31,741,576	2,251,577	75,581	34,068,734
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 49,468,806	\$ 15,459,621	\$ 75,581	\$ 65,004,008



CITY OF HAMILTON, OHIO

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund
Revenues:				
Income Taxes	\$ 4,679,580	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	8,644,781	0	3,349,352	0
Intergovernmental Revenues	5,258,798	0	2,821,846	0
Charges for Services	9,214,481	0	0	0
Licenses and Permits	700,375	0	0	0
Investment Earnings	505,185	0	104,182	2,244
Special Assessments	192,128	0	428,263	0
Fines and Forfeitures	311,227	0	0	0
All Other Revenue	1,295,251	0	81,884	0
Total Revenues	30,801,806	0	6,785,527	2,244
Expenditures:				
Current:				
General Government	206,162	0	0	2,263
Security of Persons and Property	3,684,503	0	0	0
Leisure Time Activities	212,984	0	0	0
Community Environment	4,025,050	0	0	0
Basic Utility Services	9,638,838	0	0	0
Transportation	9,194,192	0	0	0
Capital Outlay	197,327	0	15,484,881	0
Debt Service:				
Principal Retirement	415,543	1,533,147	0	0
Interest and Fiscal Charges	348,987	1,477,560	170,732	0
Total Expenditures	27,923,586	3,010,707	15,655,613	2,263
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,878,220	(3,010,707)	(8,870,086)	(19)
Other Financing Sources (Uses):				
Sale of Capital Assets	16,060	0	0	0
Installment Loan Issuance	283,523	0	0	0
Transfers In	257,726	3,010,707	4,767,197	0
Transfers Out	(459,033)	0	(2,142,682)	0
Total Other Financing Sources (Uses)	98,276	3,010,707	2,624,515	0
Net Change in Fund Balance	2,976,496	0	(6,245,571)	(19)
Fund Balance at Beginning of Year	28,777,751	0	8,497,148	75,600
Decrease in Inventory	(12,671)	0	0	0
Fund Balance End of Year	\$ 31,741,576	\$ 0	\$ 2,251,577	\$ 75,581

CITY OF HAMILTON, OHIO

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

	Total Nonmajor Governmental Funds
Revenues:	
Income Taxes	\$ 4,679,580
Property and Other Local Taxes	11,994,133
Intergovernmental Revenues	8,080,644
Charges for Services	9,214,481
Licenses and Permits	700,375
Investment Earnings	611,611
Special Assessments	620,391
Fines and Forfeitures	311,227
All Other Revenue	1,377,135
Total Revenues	37,589,577
Expenditures:	
Current:	
General Government	208,425
Security of Persons and Property	3,684,503
Leisure Time Activities	212,984
Community Environment	4,025,050
Basic Utility Services	9,638,838
Transportation	9,194,192
Capital Outlay	15,682,208
Debt Service:	
Principal Retirement	1,948,690
Interest and Fiscal Charges	1,997,279
Total Expenditures	46,592,169
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,002,592)
Other Financing Sources (Uses):	
Sale of Capital Assets	16,060
Installment Loan Issuance	283,523
Transfers In	8,035,630
Transfers Out	(2,601,715)
Total Other Financing Sources (Uses)	5,733,498
Net Change in Fund Balance	(3,269,094)
Fund Balance at Beginning of Year	37,350,499
Decrease in Inventory	(12,671)
Fund Balance End of Year	\$ 34,068,734

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2024**

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Assets:				
Equity in Pooled Cash and Investments	\$ 0	\$ 7,092	\$ 129,291	\$ 551,885
Receivables:				
Taxes	31,250	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Special Assessments	0	37,725	0	0
Settlement	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 31,250	\$ 44,817	\$ 129,291	\$ 551,885
Liabilities:				
Accounts Payable	\$ 31,250	\$ 0	\$ 0	\$ 14,050
Accrued Wages and Benefits Payable	0	0	0	0
Intergovernmental Payable	0	44,817	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	31,250	44,817	0	14,050
Deferred Inflows of Resources:				
Unavailable Amounts	0	0	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	0	0	129,291	537,835
Committed	0	0	0	0
Total Fund Balance	0	0	129,291	537,835
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 31,250	\$ 44,817	\$ 129,291	\$ 551,885

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2024**

	Public Safety/Health Income Tax	One Ohio Opioid Settlement	Wilks Family Foundation Grant	Dispute Resolution Proceeds
Assets:				
Equity in Pooled Cash and Investments	\$ 5,235,331	\$ 898,910	\$ 199,710	\$ 56,567
Receivables:				
Taxes	1,119,976	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Interest	0	0	0	0
Special Assessments	0	0	0	0
Settlement	0	1,259,597	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 6,355,307	\$ 2,158,507	\$ 199,710	\$ 56,567
Liabilities:				
Accounts Payable	\$ 0	\$ 197,327	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	65
Intergovernmental Payable	0	0	0	57
Accrued Liabilities	38,827	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	38,827	197,327	0	122
Deferred Inflows of Resources:				
Unavailable Amounts	457,103	1,259,597	0	0
Property Tax Levy for Next Fiscal Year	0	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	457,103	1,259,597	0	0
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	5,859,377	701,583	199,710	56,445
Committed	0	0	0	0
Total Fund Balance	5,859,377	701,583	199,710	56,445
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,355,307	\$ 2,158,507	\$ 199,710	\$ 56,567

(Continued)

CITY OF HAMILTON, OHIO

Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2024

	Safety Services	Police Pension	Police Levy	Firemen's Pension
Assets:				
Equity in Pooled Cash and Investments	\$ 5,361,693	\$ 1,351,472	\$ 3,298,143	\$ 1,324,897
Receivables:				
Taxes	1,230,367	369,110	749,193	369,110
Accounts	0	0	0	0
Intergovernmental	69,913	20,974	38,461	20,974
Interest	0	0	0	0
Special Assessments	0	0	0	0
Settlement	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 6,661,973	\$ 1,741,556	\$ 4,085,797	\$ 1,714,981
Liabilities:				
Accounts Payable	\$ 6,373	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	6,995	0	0	0
Intergovernmental Payable	1,771	0	0	0
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	15,139	0	0	0
Deferred Inflows of Resources:				
Unavailable Amounts	197,820	59,346	116,346	59,346
Property Tax Levy for Next Fiscal Year	1,102,460	330,738	671,308	330,738
Leases	0	0	0	0
Total Deferred Inflows of Resources	1,300,280	390,084	787,654	390,084
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	5,346,554	1,351,472	3,298,143	1,324,897
Committed	0	0	0	0
Total Fund Balance	5,346,554	1,351,472	3,298,143	1,324,897
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,661,973	\$ 1,741,556	\$ 4,085,797	\$ 1,714,981

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2024**

	Fire EMS Levy	Street Levy	Champions Mill Sports Complex TIF	Stormwater Management
Assets:				
Equity in Pooled Cash and Investments	\$ 3,298,145	\$ 3,816,296	\$ 0	\$ 5,387,738
Receivables:				
Taxes	749,193	3,492,675	2,264,409	0
Accounts	0	0	0	452,648
Intergovernmental	38,461	46,215	0	0
Interest	0	0	0	55,923
Special Assessments	0	0	0	0
Settlement	0	0	0	0
Loans	0	0	0	0
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Total Assets	\$ 4,085,799	\$ 7,355,186	\$ 2,264,409	\$ 5,896,309
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 169,154
Accrued Wages and Benefits Payable	0	0	0	37,865
Intergovernmental Payable	0	0	0	8,266
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	2,264,409	0
Accrued Interest Payable	0	0	0	4,933
General Obligation Notes Payable	0	0	0	3,700,000
Total Liabilities	0	0	2,264,409	3,920,218
Deferred Inflows of Resources:				
Unavailable Amounts	116,346	409,307	0	0
Property Tax Levy for Next Fiscal Year	671,308	3,129,583	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	787,654	3,538,890	0	0
Fund Balance:				
Nonspendable	0	0	0	0
Restricted	3,298,145	3,816,296	0	0
Committed	0	0	0	1,976,091
Total Fund Balance	3,298,145	3,816,296	0	1,976,091
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,085,799	\$ 7,355,186	\$ 2,264,409	\$ 5,896,309

(Continued)

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2024**

	Refuse	Street Maintenance	Land Reutilization	Home Program
Assets:				
Equity in Pooled Cash and Investments	\$ 1,388,787	\$ 1,167,614	\$ 25,439	\$ 122,734
Receivables:				
Taxes	0	0	0	0
Accounts	792,954	127,086	0	0
Intergovernmental	0	1,632,831	185,021	24,739
Interest	0	11,884	0	0
Special Assessments	0	0	0	0
Settlement	0	0	0	0
Loans	0	0	0	7,771
Leases	0	0	0	0
Inventory of Supplies, at Cost	0	28,325	0	0
Prepaid Items	18,566	38,051	0	0
Total Assets	\$ 2,200,307	\$ 3,005,791	\$ 210,460	\$ 155,244
Liabilities:				
Accounts Payable	\$ 361,644	\$ 70,536	\$ 0	\$ 24,476
Accrued Wages and Benefits Payable	44,045	81,906	529	200
Intergovernmental Payable	9,556	17,165	215	39
Accrued Liabilities	0	0	0	0
Customer Deposits	0	0	0	0
Due to Hamilton Community Authority	0	0	0	0
Accrued Interest Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	415,245	169,607	744	24,715
Deferred Inflows of Resources:				
Unavailable Amounts	0	1,033,666	185,021	7,771
Property Tax Levy for Next Fiscal Year	0	0	0	0
Leases	0	0	0	0
Total Deferred Inflows of Resources	0	1,033,666	185,021	7,771
Fund Balance:				
Nonspendable	18,566	66,376	0	0
Restricted	0	1,736,142	24,695	122,758
Committed	1,766,496	0	0	0
Total Fund Balance	1,785,062	1,802,518	24,695	122,758
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,200,307	\$ 3,005,791	\$ 210,460	\$ 155,244

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2024**

	Parking	Golf Course	Community Development Block Grant	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 71,670	\$ 27,425	\$ 34,097	\$ 33,754,936
Receivables:				
Taxes	0	0	0	10,375,283
Accounts	95,657	13,626	0	1,481,971
Intergovernmental	0	0	118,896	2,196,485
Interest	709	245	0	68,761
Special Assessments	0	0	0	37,725
Settlement	0	0	0	1,259,597
Loans	0	0	174,494	182,265
Leases	0	22,988	0	22,988
Inventory of Supplies, at Cost	0	0	0	28,325
Prepaid Items	3,853	0	0	60,470
Total Assets	\$ 171,889	\$ 64,284	\$ 327,487	\$ 49,468,806
Liabilities:				
Accounts Payable	\$ 23,767	\$ 2,845	\$ 119,159	\$ 1,020,581
Accrued Wages and Benefits Payable	13,519	6,226	401	191,751
Intergovernmental Payable	2,714	1,162	78	85,840
Accrued Liabilities	0	0	0	38,827
Customer Deposits	2,440	0	0	2,440
Due to Hamilton Community Authority	0	0	0	2,264,409
Accrued Interest Payable	0	0	0	4,933
General Obligation Notes Payable	0	0	0	3,700,000
Total Liabilities	42,440	10,233	119,638	7,308,781
Deferred Inflows of Resources:				
Unavailable Amounts	83,835	0	174,494	4,159,998
Property Tax Levy for Next Fiscal Year	0	0	0	6,236,135
Leases	0	22,316	0	22,316
Total Deferred Inflows of Resources	83,835	22,316	174,494	10,418,449
Fund Balance:				
Nonspendable	3,853	0	0	88,795
Restricted	0	0	33,355	27,836,698
Committed	41,761	31,735	0	3,816,083
Total Fund Balance	45,614	31,735	33,355	31,741,576
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 171,889	\$ 64,284	\$ 327,487	\$ 49,468,806

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	Convention and Visitor's Bureau	Central Business Special Improvement District	Fire Insurance Deposit Escrow	Municipal Court Improvement
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	125,000	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	110,338
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	3,952
Special Assessments	0	192,128	0	0
Fines and Forfeitures	0	0	0	80,688
All Other Revenue	0	0	33,957	0
Total Revenues	125,000	192,128	33,957	194,978
Expenditures:				
Current:				
General Government	125,000	0	76,960	0
Security of Persons and Property	0	0	0	109,747
Leisure Time Activities	0	0	0	0
Community Environment	0	192,128	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	125,000	192,128	76,960	109,747
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(43,003)	85,231
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	0	0	(43,003)	85,231
Fund Balance at Beginning of Year	0	0	172,294	452,604
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	\$ 0	\$ 0	\$ 129,291	\$ 537,835

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	Public Safety/Health Income Tax	One Ohio Opioid Settlement	Wilks Family Foundation Grant	Dispute Resolution Proceeds
Revenues:				
Income Taxes	\$ 4,679,580	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	9,837
Licenses and Permits	0	0	0	0
Investment Earnings	33,926	2,509	(290)	454
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	541,830	200,000	0
Total Revenues	4,713,506	544,339	199,710	10,291
Expenditures:				
Current:				
General Government	0	0	0	4,202
Security of Persons and Property	3,289,000	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	197,327	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	3,289,000	197,327	0	4,202
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,424,506	347,012	199,710	6,089
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	1,424,506	347,012	199,710	6,089
Fund Balance at Beginning of Year	4,434,871	354,571	0	50,356
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	\$ 5,859,377	\$ 701,583	\$ 199,710	\$ 56,445

(Continued)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	Safety Services	Police Pension	Police Levy	Firemen's Pension
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	1,102,473	330,742	671,317	330,742
Intergovernmental Revenues	140,167	42,050	77,110	42,050
Charges for Services	21,502	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	36,013	8,475	22,401	8,230
Special Assessments	0	0	0	0
Fines and Forfeitures	230,539	0	0	0
All Other Revenue	2,316	0	0	0
Total Revenues	1,533,010	381,267	770,828	381,022
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	285,756	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	285,756	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,247,254	381,267	770,828	381,022
Other Financing Sources (Uses):				
Sale of Capital Assets	3,340	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	20,000	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	23,340	0	0	0
Net Change in Fund Balance	1,270,594	381,267	770,828	381,022
Fund Balance at Beginning of Year	4,075,960	970,205	2,527,315	943,875
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	\$ 5,346,554	\$ 1,351,472	\$ 3,298,143	\$ 1,324,897

CITY OF HAMILTON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024**

	Fire EMS Levy	Street Levy	Champions Mill Sports Complex TIF	Stormwater Management
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	671,317	3,129,621	2,283,569	0
Intergovernmental Revenues	77,110	93,365	0	0
Charges for Services	0	0	0	3,170,297
Licenses and Permits	0	0	0	0
Investment Earnings	22,401	43,907	0	245,165
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	0	0	0	63,207
Total Revenues	770,828	3,266,893	2,283,569	3,478,669
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	2,283,569	0
Basic Utility Services	0	0	0	4,239,220
Transportation	0	4,046,983	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	206,547
Interest and Fiscal Charges	0	0	0	292,869
Total Expenditures	0	4,046,983	2,283,569	4,738,636
Excess (Deficiency) of Revenues Over (Under) Expenditures	770,828	(780,090)	0	(1,259,967)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Installment Loan Issuance	0	0	0	0
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	770,828	(780,090)	0	(1,259,967)
Fund Balance at Beginning of Year	2,527,317	4,596,386	0	3,236,058
Decrease in Inventory	0	0	0	0
Fund Balance End of Year	\$ 3,298,145	\$ 3,816,296	\$ 0	\$ 1,976,091

(Continued)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	Refuse	Street Maintenance	Land Reutilization	Home Program
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Property and Other Local Taxes	0	0	0	0
Intergovernmental Revenues	0	3,587,840	0	429,151
Charges for Services	5,289,517	271,307	0	0
Licenses and Permits	0	700,375	0	0
Investment Earnings	14,005	51,436	295	1,108
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	69,739	115,202	0	43,634
Total Revenues	5,373,261	4,726,160	295	473,893
Expenditures:				
Current:				
General Government	0	0	0	0
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	39,379	470,553
Basic Utility Services	5,399,618	0	0	0
Transportation	0	4,710,128	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	62,388	0	0
Interest and Fiscal Charges	0	0	0	0
Total Expenditures	5,399,618	4,772,516	39,379	470,553
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,357)	(46,356)	(39,084)	3,340
Other Financing Sources (Uses):				
Sale of Capital Assets	0	11,819	901	0
Installment Loan Issuance	0	283,523	0	0
Transfers In	0	0	35,000	0
Transfers Out	0	(459,033)	0	0
Total Other Financing Sources (Uses)	0	(163,691)	35,901	0
Net Change in Fund Balance	(26,357)	(210,047)	(3,183)	3,340
Fund Balance at Beginning of Year	1,811,419	2,025,236	27,878	119,418
Decrease in Inventory	0	(12,671)	0	0
Fund Balance End of Year	\$ 1,785,062	\$ 1,802,518	\$ 24,695	\$ 122,758

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	Parking	Golf Course	Community Development Block Grant	Total Nonmajor Special Revenue Funds
Revenues:				
Income Taxes	\$ 0	\$ 0	\$ 0	\$ 4,679,580
Property and Other Local Taxes	0	0	0	8,644,781
Intergovernmental Revenues	0	0	769,955	5,258,798
Charges for Services	320,639	21,044	0	9,214,481
Licenses and Permits	0	0	0	700,375
Investment Earnings	4,224	1,247	5,727	505,185
Special Assessments	0	0	0	192,128
Fines and Forfeitures	0	0	0	311,227
All Other Revenue	11,789	196,656	16,921	1,295,251
Total Revenues	336,652	218,947	792,603	30,801,806
Expenditures:				
Current:				
General Government	0	0	0	206,162
Security of Persons and Property	0	0	0	3,684,503
Leisure Time Activities	0	212,984	0	212,984
Community Environment	0	0	1,039,421	4,025,050
Basic Utility Services	0	0	0	9,638,838
Transportation	437,081	0	0	9,194,192
Capital Outlay	0	0	0	197,327
Debt Service:				
Principal Retirement	137,599	9,009	0	415,543
Interest and Fiscal Charges	52,550	3,568	0	348,987
Total Expenditures	627,230	225,561	1,039,421	27,923,586
Excess (Deficiency) of Revenues Over (Under) Expenditures	(290,578)	(6,614)	(246,818)	2,878,220
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	16,060
Installment Loan Issuance	0	0	0	283,523
Transfers In	190,149	12,577	0	257,726
Transfers Out	0	0	0	(459,033)
Total Other Financing Sources (Uses)	190,149	12,577	0	98,276
Net Change in Fund Balance	(100,429)	5,963	(246,818)	2,976,496
Fund Balance at Beginning of Year	146,043	25,772	280,173	28,777,751
Decrease in Inventory	0	0	0	(12,671)
Fund Balance End of Year	\$ 45,614	\$ 31,735	\$ 33,355	\$ 31,741,576

CITY OF HAMILTON, OHIO

Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2024

	Special Assessment	MITIE	Fire Station Construction
Assets:			
Equity in Pooled Cash and Investments	\$ 1,765,520	\$ 487,417	\$ 1,469,864
Receivables:			
Taxes	0	2,342,917	0
Special Assessments	335,545	0	0
Loans	0	0	0
Total Assets	<u>\$ 2,101,065</u>	<u>\$ 2,830,334</u>	<u>\$ 1,469,864</u>
Liabilities:			
Accounts Payable	\$ 500	\$ 0	\$ 315,719
Interfund Payable	3,630,000	0	0
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
Total Liabilities	<u>3,630,500</u>	<u>0</u>	<u>315,719</u>
Deferred Inflows of Resources:			
Unavailable Amounts	335,545	243,565	0
Property Tax Levy for Next Fiscal Year	0	2,099,352	0
Total Deferred Inflows of Resources	<u>335,545</u>	<u>2,342,917</u>	<u>0</u>
Fund Balance:			
Restricted	0	487,417	0
Assigned	0	0	1,154,145
Unassigned	(1,864,980)	0	0
Total Fund Balance	<u>(1,864,980)</u>	<u>487,417</u>	<u>1,154,145</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,101,065</u>	<u>\$ 2,830,334</u>	<u>\$ 1,469,864</u>

CITY OF HAMILTON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2024**

	Governmental Building Sale Proceeds	Infrastructure Program	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 7,903	\$ 5,550,455	\$ 9,281,159
Receivables:			
Taxes	0	0	2,342,917
Special Assessments	0	0	335,545
Loans	3,500,000	0	3,500,000
Total Assets	<u>\$ 3,507,903</u>	<u>\$ 5,550,455</u>	<u>\$ 15,459,621</u>
Liabilities:			
Accounts Payable	\$ 0	\$ 411,852	\$ 728,071
Interfund Payable	0	1,415,178	5,045,178
Accrued Interest Payable	0	6,333	6,333
General Obligation Notes Payable	0	4,750,000	4,750,000
Total Liabilities	<u>0</u>	<u>6,583,363</u>	<u>10,529,582</u>
Deferred Inflows of Resources:			
Unavailable Amounts	0	0	579,110
Property Tax Levy for Next Fiscal Year	0	0	2,099,352
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>2,678,462</u>
Fund Balance:			
Restricted	0	0	487,417
Assigned	3,507,903	0	4,662,048
Unassigned	0	(1,032,908)	(2,897,888)
Total Fund Balance	<u>3,507,903</u>	<u>(1,032,908)</u>	<u>2,251,577</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,507,903</u>	<u>\$ 5,550,455</u>	<u>\$ 15,459,621</u>

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

	Special Assessment	MITIE	Fire Station Construction	Governmental Building Sale Proceeds
Revenues:				
Property and Other Local Taxes	\$ 0	\$ 3,349,352	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Investment Earnings	13,070	4,311	63,108	73
Special Assessments	428,263	0	0	0
All Other Revenue	0	0	0	0
Total Revenues	441,333	3,353,663	63,108	73
Expenditures:				
Capital Outlay	605,448	1,290,016	5,092,535	0
Debt Service:				
Interest and Fiscal Charges	65,949	0	0	0
Total Expenditures	671,397	1,290,016	5,092,535	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(230,064)	2,063,647	(5,029,427)	73
Other Financing Sources (Uses):				
Transfers In	24,128	100,000	124,808	0
Transfers Out	0	(2,142,682)	0	0
Total Other Financing Sources (Uses)	24,128	(2,042,682)	124,808	0
Net Change in Fund Balance	(205,936)	20,965	(4,904,619)	73
Fund Balance at Beginning of Year	(1,659,044)	466,452	6,058,764	3,507,830
Fund Balance End of Year	\$ (1,864,980)	\$ 487,417	\$ 1,154,145	\$ 3,507,903

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

	Issue II Projects	Infrastructure Program	Total Nonmajor Capital Project Funds
Revenues:			
Property and Other Local Taxes	\$ 0	\$ 0	\$ 3,349,352
Intergovernmental Revenues	638,006	2,183,840	2,821,846
Investment Earnings	0	23,620	104,182
Special Assessments	0	0	428,263
All Other Revenue	0	81,884	81,884
Total Revenues	<u>638,006</u>	<u>2,289,344</u>	<u>6,785,527</u>
Expenditures:			
Capital Outlay	638,006	7,858,876	15,484,881
Debt Service:			
Interest and Fiscal Charges	0	104,783	170,732
Total Expenditures	<u>638,006</u>	<u>7,963,659</u>	<u>15,655,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(5,674,315)	(8,870,086)
Other Financing Sources (Uses):			
Transfers In	0	4,518,261	4,767,197
Transfers Out	0	0	(2,142,682)
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,518,261</u>	<u>2,624,515</u>
Net Change in Fund Balance	0	(1,156,054)	(6,245,571)
Fund Balance at Beginning of Year	0	123,146	8,497,148
Fund Balance End of Year	<u>\$ 0</u>	<u>\$ (1,032,908)</u>	<u>\$ 2,251,577</u>

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 26,675,000	\$ 27,175,000	\$ 28,707,870	\$ 1,532,870
Property and Other Local Taxes	6,656,860	6,656,860	6,971,561	314,701
Intergovernmental Revenues	2,701,400	5,006,800	5,349,918	343,118
Charges for Services	19,535,933	22,035,933	14,990,548	(7,045,385)
Licenses and Permits	1,051,500	1,375,883	1,536,776	160,893
Investment Earnings	1,083,687	1,583,687	2,014,999	431,312
Fines and Forfeitures	421,318	563,554	667,533	103,979
All Other Revenue	323,525	1,122,993	817,966	(305,027)
Total Revenues	58,449,223	65,520,710	61,057,171	(4,463,539)
Expenditures:				
Security of Persons and Property:				
Municipal Court:				
Personal Services	1,959,505	1,959,505	1,866,669	92,836
Other Expenditures	296,278	394,708	353,287	41,421
Total Municipal Court	2,255,783	2,354,213	2,219,956	134,257
Police:				
Personal Services	17,117,401	17,194,943	16,681,991	512,952
Other Expenditures	1,749,982	2,187,758	1,754,389	433,369
Total Police	18,867,383	19,382,701	18,436,380	946,321
Fire:				
Personal Services	14,634,734	15,054,666	14,779,291	275,375
Other Expenditures	1,875,263	2,166,483	1,914,515	251,968
Total Fire	16,509,997	17,221,149	16,693,806	527,343
Total Security of Persons and Property	37,633,163	38,958,063	37,350,142	1,607,921
Public Health and Welfare Services:				
Health:				
Personal Services	922,834	822,834	667,748	155,086
Other Expenditures	304,836	334,872	287,455	47,417
Total Public Health and Welfare Services	1,227,670	1,157,706	955,203	202,503

(Continued)

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community Environment:				
Department of Planning:				
Personal Services	1,396,028	1,396,027	1,347,047	48,980
Other Expenditures	191,312	186,700	140,866	45,834
Total Department of Planning	1,587,340	1,582,727	1,487,913	94,814
CDBG:				
Other Expenditures	101,937	50,000	0	50,000
Total CDBG	101,937	50,000	0	50,000
Total Community Environment	1,689,277	1,632,727	1,487,913	144,814
Basic Utility Services:				
Public Works:				
Personal Services	1,377,507	1,589,693	1,553,228	36,465
Other Expenditures	258,741	304,947	288,180	16,767
Total Basic Utility Services	1,636,248	1,894,640	1,841,408	53,232
General Government:				
City Council:				
Personal Services	97,246	97,246	93,762	3,484
Other Expenditures	9,357	9,357	4,063	5,294
Total City Council	106,603	106,603	97,825	8,778
City Clerk:				
Personal Services	87,023	88,522	86,530	1,992
Other Expenditures	15,200	15,200	12,899	2,301
Total City Clerk	102,223	103,722	99,429	4,293
City Manager:				
Personal Services	582,345	756,845	720,958	35,887
Other Expenditures	14,939	39,650	30,356	9,294
Total City Manager	597,284	796,495	751,314	45,181
Neighborhoods:				
Personal Services	502,444	500,944	384,219	116,725
Other Expenditures	113,191	112,618	101,500	11,118
Total Neighborhoods	615,635	613,562	485,719	127,843

(Continued)

CITY OF HAMILTON, OHIO

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

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Department of Law:				
Personal Services	672,201	712,201	693,729	18,472
Other Expenditures	525,844	515,126	247,192	267,934
Total Department of Law	1,198,045	1,227,327	940,921	286,406
Department of Civil Service:				
Personal Services	629,923	659,922	631,401	28,521
Other Expenditures	17,705	17,301	13,414	3,887
Total Department of Civil Service	647,628	677,223	644,815	32,408
Finance:				
Personal Services	1,527,168	1,559,267	1,491,054	68,213
Other Expenditures	1,215,427	1,206,841	510,451	696,390
Total Finance	2,742,595	2,766,108	2,001,505	764,603
Special Appropriations - General:				
Personal Services	297,261	197,261	114,814	82,447
Other Expenditures	7,973,043	10,515,960	9,017,992	1,497,968
Total Special Appropriations - General	8,270,304	10,713,221	9,132,806	1,580,415
Special Appropriations:				
Personal Services	93,847	93,847	56,859	36,988
Other Expenditures	1,760,759	1,630,889	1,519,758	111,131
Total Special Appropriations	1,854,606	1,724,736	1,576,617	148,119
Total General Government	16,134,923	18,728,997	15,730,951	2,998,046
Total Expenditures	58,321,281	62,372,133	57,365,617	5,006,516
Excess (Deficiency) of Revenues Over (Under) Expenditures	127,942	3,148,577	3,691,554	542,977
Other Financing Sources (Uses):				
Sale of Capital Assets	500	500	0	(500)
Transfers In	126,980	126,980	126,980	0
Transfers Out	(2,099,700)	(6,531,030)	(6,281,149)	249,881
Total Other Financing Sources (Uses)	(1,972,220)	(6,403,550)	(6,154,169)	249,381
Net Change in Fund Balance	(1,844,278)	(3,254,973)	(2,462,615)	792,358
Fund Balance at Beginning of Year	8,453,824	8,453,824	8,453,824	0
Prior Year Encumbrances	1,844,278	1,844,278	1,844,278	0
Fund Balance at End of Year	\$ 8,453,824	\$ 7,043,129	\$ 7,835,487	\$ 792,358

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Special Revenue Fund – Health Department Fund
For the Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 150	\$ 150	\$ 147	\$ (3)
All Other Revenue	0	1,404	1,478	74
Total Revenues	150	1,554	1,625	71
Expenditures:				
Public Health and Welfare Services:				
Other Expenditures	14,000	17,400	14,000	3,400
Total Expenditures	14,000	17,400	14,000	3,400
Net Change in Fund Balance	(13,850)	(15,846)	(12,375)	3,471
Fund Balance at Beginning of Year	15,847	15,847	15,847	0
Fund Balance at End of Year	\$ 1,997	\$ 1	\$ 3,472	\$ 3,471

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Hamilton Capital Improvement Fund
For the Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 3,435,000	\$ 3,435,000	\$ 3,704,241	\$ 269,241
Intergovernmental Revenues	444,400	2,444,400	2,961,613	517,213
All Other Revenue	1,433,480	2,290,455	1,377,276	(913,179)
Total Revenues	5,312,880	8,169,855	8,043,130	(126,725)
Expenditures:				
Capital Outlay	7,209,965	11,482,173	10,048,456	1,433,717
Debt Service:				
Principal Retirement	3,500,000	3,500,000	3,500,000	0
Interest and Fiscal Charges	110,800	121,737	121,737	0
Total Expenditures	10,820,765	15,103,910	13,670,193	1,433,717
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,507,885)	(6,934,055)	(5,627,063)	1,306,992
Other Financing Sources (Uses):				
Sale of Capital Assets	27,000	27,000	549	(26,451)
Note Issuance	2,500,000	2,500,000	2,500,000	0
Debt Issuance Premium	0	0	22,250	22,250
Transfers Out	(3,338,591)	(3,348,591)	(3,135,977)	212,614
Total Other Financing Sources (Uses)	(811,591)	(821,591)	(613,178)	208,413
Net Change in Fund Balance	(6,319,476)	(7,755,646)	(6,240,241)	1,515,405
Fund Balance at Beginning of Year	3,000,817	3,000,817	3,000,817	0
Prior Year Encumbrances	5,656,761	5,656,761	5,656,761	0
Fund Balance at End of Year	\$ 2,338,102	\$ 901,932	\$ 2,417,337	\$ 1,515,405

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Fund – Capital Projects Fund – Criminal Justice Center Construction Fund
For the Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 190,093	\$ 229,183	\$ 39,090
Total Revenues	0	190,093	229,183	39,090
Expenditures:				
Capital Outlay	19,984,873	21,340,306	21,340,263	43
Debt Service:				
Principal Retirement	23,000,000	23,000,000	23,000,000	0
Interest and Fiscal Charges	920,000	1,012,000	1,012,000	0
Total Expenditures	43,904,873	45,352,306	45,352,263	43
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,904,873)	(45,162,213)	(45,123,080)	39,133
Other Financing Sources (Uses):				
General Obligation Notes Issued	23,000,000	23,000,000	23,104,167	104,167
Transfers In	920,000	1,879,092	1,803,211	(75,881)
Total Other Financing Sources (Uses)	23,920,000	24,879,092	24,907,378	28,286
Net Change in Fund Balance	(19,984,873)	(20,283,121)	(20,215,702)	67,419
Fund Balance at Beginning of Year	298,249	298,249	298,249	0
Prior Year Encumbrances	19,984,873	19,984,873	19,984,873	0
Fund Balance at End of Year	\$ 298,249	\$ 1	\$ 67,420	\$ 67,419

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

ONE RENAISSANCE CENTER FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 2,340,895	\$ 2,340,895	\$ 2,397,951	\$ 57,056
Total Revenues	2,340,895	2,340,895	2,397,951	57,056
Expenditures:				
General Government:				
Other Expenditures	2,168,579	2,494,402	2,479,784	14,618
Total Expenditures	2,168,579	2,494,402	2,479,784	14,618
Net Change in Fund Balance	172,316	(153,507)	(81,833)	71,674
Fund Balance at Beginning of Year	453,595	453,595	453,595	0
Prior Year Encumbrances	51,599	51,599	51,599	0
Fund Balance at End of Year	\$ 677,510	\$ 351,687	\$ 423,361	\$ 71,674

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

UNCLAIMED MONIES FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenue	\$ 5,000	\$ 5,000	\$ 634	\$ (4,366)
Total Revenues	5,000	5,000	634	(4,366)
Expenditures:				
General Government:				
Other Expenditures	20,000	20,000	14,072	5,928
Total Expenditures	20,000	20,000	14,072	5,928
Net Change in Fund Balance	(15,000)	(15,000)	(13,438)	1,562
Fund Balance at Beginning of Year	20,098	20,098	20,098	0
Fund Balance at End of Year	\$ 5,098	\$ 5,098	\$ 6,660	\$ 1,562

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

CONVENTION AND VISITOR'S BUREAU FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 125,000	\$ 125,000	\$ 125,000	\$ 0
Total Revenues	125,000	125,000	125,000	0
Expenditures:				
General Government:				
Other Expenditures	125,000	125,000	125,000	0
Total Expenditures	125,000	125,000	125,000	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

MUNICIPAL COURT IMPROVEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 82,406	\$ 82,406	\$ 110,338	\$ 27,932
Fines and Forfeitures	67,370	67,370	80,865	13,495
Total Revenues	149,776	149,776	191,203	41,427
Expenditures:				
Security of Persons and Property:				
Other Expenditures	175,850	156,500	115,271	41,229
Total Expenditures	175,850	156,500	115,271	41,229
Net Change in Fund Balance	(26,074)	(6,724)	75,932	82,656
Fund Balance at Beginning of Year	425,498	425,498	425,498	0
Prior Year Encumbrances	19,350	19,350	19,350	0
Fund Balance at End of Year	<u>\$ 418,774</u>	<u>\$ 438,124</u>	<u>\$ 520,780</u>	<u>\$ 82,656</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

PUBLIC SAFETY/HEALTH INCOME TAX FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Income Taxes	\$ 4,302,000	\$ 4,302,000	\$ 4,630,302	\$ 328,302
Total Revenues	4,302,000	4,302,000	4,630,302	328,302
Expenditures:				
Security of Persons and Property:				
Other Expenditures	4,375,000	4,375,000	3,289,000	1,086,000
Total Expenditures	4,375,000	4,375,000	3,289,000	1,086,000
Net Change in Fund Balance	(73,000)	(73,000)	1,341,302	1,414,302
Fund Balance at Beginning of Year	3,901,630	3,901,630	3,901,630	0
Fund Balance at End of Year	\$ 3,828,630	\$ 3,828,630	\$ 5,242,932	\$ 1,414,302

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

ONE OHIO OPIOID SETTLEMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenue	\$ 0	\$ 513,982	\$ 541,830	\$ 27,848
Total Revenues	0	513,982	541,830	27,848
Expenditures:				
Public Health and Welfare Services:				
Other Expenditures	0	872,367	305,307	567,060
Total Expenditures	0	872,367	305,307	567,060
Net Change in Fund Balance	0	(358,385)	236,523	594,908
Fund Balance at Beginning of Year	358,385	358,385	358,385	0
Fund Balance at End of Year	<u>\$ 358,385</u>	<u>\$ 0</u>	<u>\$ 594,908</u>	<u>\$ 594,908</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

WILKS FAMILY FOUNDATION GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenue	\$ 0	\$ 0	\$ 200,000	\$ 200,000
Total Revenues	0	0	200,000	200,000
Expenditures:				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	200,000	200,000
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 200,000	\$ 200,000

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

DISPUTE RESOLUTION PROCEEDS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 7,300	\$ 7,300	\$ 9,624	\$ 2,324
Total Revenues	7,300	7,300	9,624	2,324
Expenditures:				
General Government:				
Personal Services	5,626	5,626	4,132	1,494
Other Expenditures	1,000	1,000	0	1,000
Total Expenditures	6,626	6,626	4,132	2,494
Net Change in Fund Balance	674	674	5,492	4,818
Fund Balance at Beginning of Year	50,301	50,301	50,301	0
Fund Balance at End of Year	\$ 50,975	\$ 50,975	\$ 55,793	\$ 4,818

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

SAFETY SERVICES FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 820,000	\$ 820,000	\$ 1,102,473	\$ 282,473
Intergovernmental Revenues	126,911	126,911	140,167	13,256
Charges for Services	22,755	22,755	21,502	(1,253)
Fines and Forfeitures	225,200	225,200	231,835	6,635
All Other Revenue	25,500	25,500	2,316	(23,184)
Total Revenues	<u>1,220,366</u>	<u>1,220,366</u>	<u>1,498,293</u>	<u>277,927</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	221,149	231,149	205,129	26,020
Other Expenditures	1,286,925	3,285,491	77,875	3,207,616
Total Expenditures	<u>1,508,074</u>	<u>3,516,640</u>	<u>283,004</u>	<u>3,233,636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(287,708)	(2,296,274)	1,215,289	3,511,563
Other Financing Sources (Uses):				
Sale of Capital Assets	10,000	10,000	3,340	(6,660)
Transfers In	81,000	81,000	21,000	(60,000)
Total Other Financing Sources (Uses)	<u>91,000</u>	<u>91,000</u>	<u>24,340</u>	<u>(66,660)</u>
Net Change in Fund Balance	(196,708)	(2,205,274)	1,239,629	3,444,903
Fund Balance at Beginning of Year	4,111,209	4,111,209	4,111,209	0
Prior Year Encumbrances	1,434	1,434	1,434	0
Fund Balance at End of Year	<u>\$ 3,915,935</u>	<u>\$ 1,907,369</u>	<u>\$ 5,352,272</u>	<u>\$ 3,444,903</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

POLICE PENSION FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 240,000	\$ 240,000	\$ 330,742	\$ 90,742
Intergovernmental Revenues	42,000	42,000	42,050	50
Total Revenues	282,000	282,000	372,792	90,792
Expenditures:				
Security of Persons and Property:				
Other Expenditures	240,000	240,000	0	240,000
Total Expenditures	240,000	240,000	0	240,000
Net Change in Fund Balance	42,000	42,000	372,792	330,792
Fund Balance at Beginning of Year	980,642	980,642	980,642	0
Fund Balance at End of Year	\$ 1,022,642	\$ 1,022,642	\$ 1,353,434	\$ 330,792

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

POLICE LEVY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 671,317	\$ 21,317
Intergovernmental Revenues	82,000	82,000	77,110	(4,890)
Total Revenues	<u>732,000</u>	<u>732,000</u>	<u>748,427</u>	<u>16,427</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	<u>1,025,000</u>	<u>1,025,000</u>	<u>0</u>	<u>1,025,000</u>
Total Expenditures	<u>1,025,000</u>	<u>1,025,000</u>	<u>0</u>	<u>1,025,000</u>
Net Change in Fund Balance	(293,000)	(293,000)	748,427	1,041,427
Fund Balance at Beginning of Year	<u>2,554,504</u>	<u>2,554,504</u>	<u>2,554,504</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,261,504</u>	<u>\$ 2,261,504</u>	<u>\$ 3,302,931</u>	<u>\$ 1,041,427</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	FIREMEN'S PENSION FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 240,000	\$ 240,000	\$ 330,742	\$ 90,742
Intergovernmental Revenues	32,000	32,000	42,050	10,050
Total Revenues	<u>272,000</u>	<u>272,000</u>	<u>372,792</u>	<u>100,792</u>
Expenditures:				
Security of Persons and Property:				
Other Expenditures	340,000	340,000	0	340,000
Total Expenditures	<u>340,000</u>	<u>340,000</u>	<u>0</u>	<u>340,000</u>
Net Change in Fund Balance	(68,000)	(68,000)	372,792	440,792
Fund Balance at Beginning of Year	<u>954,029</u>	<u>954,029</u>	<u>954,029</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 886,029</u>	<u>\$ 886,029</u>	<u>\$ 1,326,821</u>	<u>\$ 440,792</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	FIRE EMS LEVY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 650,000	\$ 650,000	\$ 671,317	\$ 21,317
Intergovernmental Revenues	85,000	85,000	77,110	(7,890)
Total Revenues	735,000	735,000	748,427	13,427
Expenditures:				
Security of Persons and Property:				
Other Expenditures	1,025,000	1,025,000	0	1,025,000
Total Expenditures	1,025,000	1,025,000	0	1,025,000
Net Change in Fund Balance	(290,000)	(290,000)	748,427	1,038,427
Fund Balance at Beginning of Year	2,554,506	2,554,506	2,554,506	0
Fund Balance at End of Year	\$ 2,264,506	\$ 2,264,506	\$ 3,302,933	\$ 1,038,427

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	STREET LEVY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,129,621	\$ (70,379)
Intergovernmental Revenues	100,000	100,000	93,365	(6,635)
Total Revenues	3,300,000	3,300,000	3,222,986	(77,014)
Expenditures:				
Community Environment:				
Other Expenditures	7,559,455	6,998,611	6,138,413	860,198
Total Expenditures	7,559,455	6,998,611	6,138,413	860,198
Net Change in Fund Balance	(4,259,455)	(3,698,611)	(2,915,427)	783,184
Fund Balance at Beginning of Year	141,379	141,379	141,379	0
Prior Year Encumbrances	4,504,455	4,504,455	4,504,455	0
Fund Balance at End of Year	\$ 386,379	\$ 947,223	\$ 1,730,407	\$ 783,184

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 2,671,560	\$ 2,671,560	\$ 2,283,569	\$ (387,991)
Total Revenues	2,671,560	2,671,560	2,283,569	(387,991)
Expenditures:				
General Government:				
Other Expenditures	2,671,560	2,671,560	2,283,569	387,991
Total Expenditures	2,671,560	2,671,560	2,283,569	387,991
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

STORMWATER MANAGEMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 3,015,946	\$ 3,015,946	\$ 3,080,067	\$ 64,121
Investment Earnings	170,000	170,000	180,326	10,326
All Other Revenue	25,000	25,000	30,277	5,277
Total Revenues	3,210,946	3,210,946	3,290,670	79,724
Expenditures:				
Basic Utility Services:				
Personal Services	1,077,199	1,076,533	1,003,320	73,213
Other Expenditures	5,362,244	5,314,150	4,412,430	901,720
Debt Service:				
Principal Retirement	3,877,603	3,877,603	3,876,348	1,255
Interest and Fiscal Charges	257,352	285,558	286,814	(1,256)
Total Expenditures	10,574,398	10,553,844	9,578,912	974,932
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,363,452)	(7,342,898)	(6,288,242)	1,054,656
Other Financing Sources (Uses):				
OWDA Loan Proceeds	3,700,000	3,700,000	0	(3,700,000)
Note Issuance	0	0	3,700,000	3,700,000
Premium on Debt Issuance	0	0	32,930	32,930
Transfers In	2,736	2,736	2,736	0
Total Other Financing Sources (Uses)	3,702,736	3,702,736	3,735,666	32,930
Net Change in Fund Balance	(3,660,716)	(3,640,162)	(2,552,576)	1,087,586
Fund Balance at Beginning of Year	4,873,709	4,873,709	4,873,709	0
Prior Year Encumbrances	1,987,859	1,987,859	1,987,859	0
Fund Balance at End of Year	\$ 3,200,852	\$ 3,221,406	\$ 4,308,992	\$ 1,087,586

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	REFUSE FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 5,081,052	\$ 5,081,052	\$ 5,169,831	\$ 88,779
All Other Revenue	74,000	74,000	69,739	(4,261)
Total Revenues	5,155,052	5,155,052	5,239,570	84,518
Expenditures:				
Basic Utility Services:				
Personal Services	1,115,072	1,115,072	999,615	115,457
Other Expenditures	4,822,989	5,285,330	5,239,431	45,899
Total Expenditures	5,938,061	6,400,402	6,239,046	161,356
Excess (Deficiency) of Revenues Over (Under) Expenditures	(783,009)	(1,245,350)	(999,476)	245,874
Other Financing Sources (Uses):				
Transfers In	3,100	3,100	3,100	0
Total Other Financing Sources (Uses)	3,100	3,100	3,100	0
Net Change in Fund Balance	(779,909)	(1,242,250)	(996,376)	245,874
Fund Balance at Beginning of Year	1,121,373	1,121,373	1,121,373	0
Prior Year Encumbrances	382,370	382,370	382,370	0
Fund Balance at End of Year	\$ 723,834	\$ 261,493	\$ 507,367	\$ 245,874

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

STREET MAINTENANCE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,413,000	\$ 3,416,500	\$ 3,576,118	\$ 159,618
Charges for Services	375,000	375,000	271,307	(103,693)
Licenses and Permits	425,000	425,000	420,225	(4,775)
Investment Earnings	16,000	16,000	33,846	17,846
All Other Revenue	10,000	10,000	12,507	2,507
Total Revenues	4,239,000	4,242,500	4,314,003	71,503
Expenditures:				
Transportation:				
Personal Services	1,923,497	2,022,276	1,937,549	84,727
Other Expenditures	2,604,909	2,651,126	2,647,512	3,614
Total Expenditures	4,528,406	4,673,402	4,585,061	88,341
Excess (Deficiency) of Revenues Over (Under) Expenditures	(289,406)	(430,902)	(271,058)	159,844
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	11,819	11,819
Transfers In	5,438	5,438	5,438	0
Transfers Out	0	(175,000)	(175,000)	0
Total Other Financing Sources (Uses)	5,438	(169,562)	(157,743)	11,819
Net Change in Fund Balance	(283,968)	(600,464)	(428,801)	171,663
Fund Balance at Beginning of Year	1,229,576	1,229,576	1,229,576	0
Prior Year Encumbrances	199,108	199,108	199,108	0
Fund Balance at End of Year	\$ 1,144,716	\$ 828,220	\$ 999,883	\$ 171,663

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

MOTOR VEHICLE LICENSE TAX FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 300,000	\$ 300,000	\$ 280,150	\$ (19,850)
Investment Earnings	200	200	3,883	3,683
Total Revenues	300,200	300,200	284,033	(16,167)
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	300,200	300,200	284,033	(16,167)
Other Financing Sources (Uses):				
Transfers Out	(300,000)	(300,000)	(284,033)	15,967
Total Other Financing Sources (Uses)	(300,000)	(300,000)	(284,033)	15,967
Net Change in Fund Balance	200	200	0	(200)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 200	\$ 200	\$ 0	\$ (200)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

LAND REUTILIZATION FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Community Environment:				
Personal Services	39,497	39,497	26,043	13,454
Other Expenditures	17,300	17,300	17,100	200
Total Expenditures	56,797	56,797	43,143	13,654
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(56,797)	(56,797)	(43,143)	13,654
Other Financing Sources (Uses):				
Sale of Capital Assets	5,000	5,000	901	(4,099)
Transfers In	50,000	50,000	35,000	(15,000)
Total Other Financing Sources (Uses)	55,000	55,000	35,901	(19,099)
Net Change in Fund Balance	(1,797)	(1,797)	(7,242)	(5,445)
Fund Balance at Beginning of Year	28,907	28,907	28,907	0
Prior Year Encumbrances	2,300	2,300	2,300	0
Fund Balance at End of Year	\$ 29,410	\$ 29,410	\$ 23,965	\$ (5,445)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

HOME PROGRAM FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 1,104,240	\$ 1,472,313	\$ 458,569	\$ (1,013,744)
All Other Revenue	457,162	532,161	43,634	(488,527)
Total Revenues	1,561,402	2,004,474	502,203	(1,502,271)
Expenditures:				
Community Environment:				
Personal Services	20,423	3,135	1,119	2,016
Other Expenditures	1,661,825	2,122,185	769,673	1,352,512
Total Expenditures	1,682,248	2,125,320	770,792	1,354,528
Net Change in Fund Balance	(120,846)	(120,846)	(268,589)	(147,743)
Fund Balance at Beginning of Year	(424,536)	(424,536)	(424,536)	0
Prior Year Encumbrances	545,382	545,382	545,382	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ (147,743)	\$ (147,743)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	PARKING FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 296,500	\$ 296,500	\$ 308,817	\$ 12,317
Investment Earnings	1,300	1,300	3,199	1,899
All Other Revenue	6,000	6,000	11,789	5,789
Total Revenues	303,800	303,800	323,805	20,005
Expenditures:				
Transportation:				
Personal Services	232,450	247,450	240,148	7,302
Other Expenditures	323,114	321,545	242,045	79,500
Debt Service:				
Principal Retirement	137,599	137,599	137,599	0
Interest and Fiscal Charges	52,550	52,550	52,550	0
Total Expenditures	745,713	759,144	672,342	86,802
Excess (Deficiency) of Revenues Over (Under) Expenditures	(441,913)	(455,344)	(348,537)	106,807
Other Financing Sources (Uses):				
Transfers In	398,608	398,608	190,844	(207,764)
Total Other Financing Sources (Uses)	398,608	398,608	190,844	(207,764)
Net Change in Fund Balance	(43,305)	(56,736)	(157,693)	(100,957)
Fund Balance at Beginning of Year	126,738	126,738	126,738	0
Prior Year Encumbrances	43,305	43,305	43,305	0
Fund Balance at End of Year	\$ 126,738	\$ 113,307	\$ 12,350	\$ (100,957)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

GOLF COURSE FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 17,457	\$ 17,457	\$ 8,365	\$ (9,092)
All Other Revenue	218,105	233,105	210,408	(22,697)
Total Revenues	<u>235,562</u>	<u>250,562</u>	<u>218,773</u>	<u>(31,789)</u>
Expenditures:				
Leisure Time Activities:				
Personal Services	134,862	149,862	135,050	14,812
Other Expenditures	101,055	100,963	75,810	25,153
Debt Service:				
Principal Retirement	8,964	8,964	9,009	(45)
Interest and Fiscal Charges	3,703	3,703	3,568	135
Total Expenditures	<u>248,584</u>	<u>263,492</u>	<u>223,437</u>	<u>40,055</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,022)	(12,930)	(4,664)	8,266
Other Financing Sources (Uses):				
Transfers In	12,667	12,667	12,577	(90)
Total Other Financing Sources (Uses)	<u>12,667</u>	<u>12,667</u>	<u>12,577</u>	<u>(90)</u>
Net Change in Fund Balance	(355)	(263)	7,913	8,176
Fund Balance at Beginning of Year	13,694	13,694	13,694	0
Prior Year Encumbrances	355	355	355	0
Fund Balance at End of Year	<u>\$ 13,694</u>	<u>\$ 13,786</u>	<u>\$ 21,962</u>	<u>\$ 8,176</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 3,623,897	\$ 4,973,926	\$ 945,025	\$ (4,028,901)
Investment Earnings	4,146	10,146	2,625	(7,521)
All Other Revenue	687,081	754,581	16,921	(737,660)
Total Revenues	4,315,124	5,738,653	964,571	(4,774,082)
Expenditures:				
Community Environment:				
Personal Services	70,352	21,725	7,973	13,752
Other Expenditures	4,477,530	6,004,580	2,173,514	3,831,066
Total Expenditures	4,547,882	6,026,305	2,181,487	3,844,818
Net Change in Fund Balance	(232,758)	(287,652)	(1,216,916)	(929,264)
Fund Balance at Beginning of Year	(96,714)	(96,714)	(96,714)	0
Prior Year Encumbrances	392,749	392,749	392,749	0
Fund Balance at End of Year	\$ 63,277	\$ 8,383	\$ (920,881)	\$ (929,264)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2024***

	DEBT SERVICE FUND			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Debt Service:				
Principal Retirement	2,241,527	2,242,027	2,000,026	242,001
Interest and Fiscal Charges	1,583,770	1,597,270	1,543,510	53,760
Total Expenditures	3,825,297	3,839,297	3,543,536	295,761
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(3,825,297)	(3,839,297)	(3,543,536)	295,761
Other Financing Sources (Uses):				
Transfers In	3,825,297	3,839,297	3,543,536	(295,761)
Total Other Financing Sources (Uses)	3,825,297	3,839,297	3,543,536	(295,761)
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

SPECIAL ASSESSMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 819,829	\$ 704,366	\$ 428,263	\$ (276,103)
Total Revenues	819,829	704,366	428,263	(276,103)
Expenditures:				
Capital Outlay	3,062,199	1,693,769	1,572,707	121,062
Total Expenditures	3,062,199	1,693,769	1,572,707	121,062
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,242,370)	(989,403)	(1,144,444)	(155,041)
Other Financing Sources (Uses):				
Bond Issuance	1,800,000	0	0	0
Transfers In	0	24,128	24,128	0
Transfers Out	(819,829)	(823,829)	(532,829)	291,000
Advances In	1,300,000	1,707,415	1,707,415	0
Advances Out	(1,300,000)	(657,415)	(657,415)	0
Total Other Financing Sources (Uses)	980,171	250,299	541,299	291,000
Net Change in Fund Balance	(1,262,199)	(739,104)	(603,145)	135,959
Fund Balance at Beginning of Year	206,571	206,571	206,571	0
Prior Year Encumbrances	1,262,199	1,262,199	1,262,199	0
Fund Balance at End of Year	\$ 206,571	\$ 729,666	\$ 865,625	\$ 135,959

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

MUNICIPAL IMPROVEMENT TAX INCREMENT EQUIVALENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property and Other Local Taxes	\$ 1,671,200	\$ 3,389,913	\$ 3,349,352	\$ (40,561)
Total Revenues	<u>1,671,200</u>	<u>3,389,913</u>	<u>3,349,352</u>	<u>(40,561)</u>
Expenditures:				
Capital Outlay	974,200	1,316,699	1,290,016	26,683
Total Expenditures	<u>974,200</u>	<u>1,316,699</u>	<u>1,290,016</u>	<u>26,683</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	697,000	2,073,214	2,059,336	(13,878)
Other Financing Sources (Uses):				
Transfers In	100,000	100,000	100,000	0
Transfers Out	(767,707)	(2,144,321)	(2,142,682)	1,639
Total Other Financing Sources (Uses)	<u>(667,707)</u>	<u>(2,044,321)</u>	<u>(2,042,682)</u>	<u>1,639</u>
Net Change in Fund Balance	29,293	28,893	16,654	(12,239)
Fund Balance at Beginning of Year	471,470	471,470	471,470	0
Fund Balance at End of Year	<u>\$ 500,763</u>	<u>\$ 500,363</u>	<u>\$ 488,124</u>	<u>\$ (12,239)</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	16,653	6,181,143	5,901,082	280,061
Total Expenditures	16,653	6,181,143	5,901,082	280,061
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(16,653)	(6,181,143)	(5,901,082)	280,061
Other Financing Sources (Uses):				
Transfers In	0	62,404	124,808	62,404
Total Other Financing Sources (Uses)	0	62,404	124,808	62,404
Net Change in Fund Balance	(16,653)	(6,118,739)	(5,776,274)	342,465
Fund Balance at Beginning of Year	6,113,046	6,113,046	6,113,046	0
Prior Year Encumbrances	16,653	16,653	16,653	0
Fund Balance at End of Year	<u>\$ 6,113,046</u>	<u>\$ 10,960</u>	<u>\$ 353,425</u>	<u>\$ 342,465</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

GOVERNMENTAL BUILDING SALE PROCEEDS FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	7,914	7,914	7,914	0
Fund Balance at End of Year	<u>\$ 7,914</u>	<u>\$ 7,914</u>	<u>\$ 7,914</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

	ISSUE II PROJECTS FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 1,120,000	\$ 1,630,645	\$ 1,630,645	\$ 0
Total Revenues	1,120,000	1,630,645	1,630,645	0
Expenditures:				
Capital Outlay	1,520,645	1,630,645	1,630,645	0
Total Expenditures	1,520,645	1,630,645	1,630,645	0
Net Change in Fund Balance	(400,645)	0	0	0
Fund Balance at Beginning of Year	(400,645)	(400,645)	(400,645)	0
Prior Year Encumbrances	400,645	400,645	400,645	0
Fund Balance at End of Year	\$ (400,645)	\$ 0	\$ 0	\$ 0

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2024***

INFRASTRUCTURE PROGRAM FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 4,249,194	\$ 4,827,646	\$ 1,873,307	\$ (2,954,339)
All Other Revenue	0	0	60,371	60,371
Total Revenues	4,249,194	4,827,646	1,933,678	(2,893,968)
Expenditures:				
Capital Outlay	8,694,848	13,225,875	12,867,405	358,470
Debt Service:				
Principal Retirement	2,250,000	2,250,000	2,250,000	0
Interest and Fiscal Charges	89,750	99,000	99,000	0
Total Expenditures	11,034,598	15,574,875	15,216,405	358,470
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,785,404)	(10,747,229)	(13,282,727)	(2,535,498)
Other Financing Sources (Uses):				
General Obligation Notes Issued	2,250,000	6,165,178	6,165,178	0
Premium on Debt Issuance	0	0	21,513	21,513
Transfers In	1,939,950	4,850,978	4,750,970	(100,008)
Transfers Out	0	(232,709)	(232,709)	0
Total Other Financing Sources (Uses)	4,189,950	10,783,447	10,704,952	(78,495)
Net Change in Fund Balance	(2,595,454)	36,218	(2,577,775)	(2,613,993)
Fund Balance at Beginning of Year	(126,460)	(126,460)	(126,460)	0
Prior Year Encumbrances	3,102,754	3,102,754	3,102,754	0
Fund Balance at End of Year	\$ 380,840	\$ 3,012,512	\$ 398,519	\$ (2,613,993)

CITY OF HAMILTON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2024***

BENNINGHOFEN TRUST FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 1,000	\$ 2,300	\$ 2,244	\$ (56)
Total Revenues	1,000	2,300	2,244	(56)
Expenditures:				
General Government:				
Other Expenditures	1,000	2,300	2,263	37
Total Expenditures	1,000	2,300	2,263	37
Net Change in Fund Balance	0	0	(19)	(19)
Fund Balance at Beginning of Year	75,600	75,600	75,600	0
Fund Balance at End of Year	\$ 75,600	\$ 75,600	\$ 75,581	\$ (19)

Internal Service Funds

Internal Service Funds are used to account for financing goods or services provided by one activity to other activities of the City on a cost-reimbursement basis.

Fleet Maintenance Fund

To account for revenues and expenses associated with the maintenance of the City's motor transport equipment.

Central Services Fund

To account for revenues and expenses associated with interdepartmental charges for the costs of certain goods or services.

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Internal Service Funds
December 31, 2024**

	Fleet Maintenance	Central Services	Total
Assets:			
Current Assets:			
Equity in Pooled Cash and Investments	\$ 18,411	\$ 87,361	\$ 105,772
Inventory of Supplies at Cost	31,144	0	31,144
Total Current Assets	49,555	87,361	136,916
Noncurrent Assets:			
Net OPEB Asset	43,177	197,560	240,737
Depreciable Capital Assets, Net	209,916	258,183	468,099
Total Noncurrent Assets	253,093	455,743	708,836
Total Assets	302,648	543,104	845,752
Deferred Outflows of Resources:			
Pension	379,716	1,737,372	2,117,088
OPEB	37,047	169,511	206,558
Total Deferred Outflows of Resources	416,763	1,906,883	2,323,646
Liabilities:			
Current Liabilities:			
Accounts Payable	215,705	204,935	420,640
Accrued Wages and Benefits	54,676	248,492	303,168
Intergovernmental Payable	10,705	56,331	67,036
Compensated Absences Payable - Current	83,091	415,341	498,432
Interfund Payable	78,390	0	78,390
SBITA Payable - Current	0	142,868	142,868
Total Current Liabilities	442,567	1,067,967	1,510,534
Noncurrent Liabilities:			
SBITA Payable	0	128,610	128,610
Compensated Absences Payable	106,629	486,219	592,848
Net Pension Liability	1,211,050	5,541,112	6,752,162
Total Noncurrent Liabilities	1,317,679	6,155,941	7,473,620
Total Liabilities	1,760,246	7,223,908	8,984,154
Deferred Inflows of Resources:			
Pension	20,042	86,665	106,707
OPEB	24,707	113,044	137,751
Total Deferred Inflows of Resources	44,749	199,709	244,458
Net Position:			
Net Investment in Capital Assets	209,916	(13,295)	196,621
Restricted for OPEB	43,177	197,560	240,737
Unrestricted	(1,338,677)	(5,157,895)	(6,496,572)
Total Net Position	\$ (1,085,584)	\$ (4,973,630)	\$ (6,059,214)

CITY OF HAMILTON, OHIO

***Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2024***

	Fleet Maintenance	Central Services	Total
Operating Revenues:			
Charges for Services	\$ 3,496,280	\$ 10,152,165	\$ 13,648,445
Other Operating Revenues	117,324	0	117,324
Total Operating Revenues	3,613,604	10,152,165	13,765,769
Operating Expenses:			
Personal Services	1,191,362	5,607,658	6,799,020
Contractual Services	667,467	3,659,762	4,327,229
Materials and Supplies	1,350,564	266,796	1,617,360
Depreciation	26,606	123,748	150,354
Other Operating Expenses	28,967	264,222	293,189
Total Operating Expenses	3,264,966	9,922,186	13,187,152
Operating Income	348,638	229,979	578,617
Nonoperating Revenues (Expenses):			
Investment Earnings	0	108	108
Total Nonoperating Revenues (Expenses)	0	108	108
Change in Net Position	348,638	230,087	578,725
Net Position as Previously Reported	(1,366,378)	(4,901,895)	(6,268,273)
Change in Accounting Principle (GASB Statement 101)	(67,844)	(301,822)	(369,666)
Net Position Beginning of Year as Restated	(1,434,222)	(5,203,717)	(6,637,939)
Net Position End of Year	\$ (1,085,584)	\$ (4,973,630)	\$ (6,059,214)

CITY OF HAMILTON, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2024***

	Fleet Maintenance	Central Services	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,613,604	\$10,152,165	\$13,765,769
Cash Payments for Goods and Services	(1,950,106)	(4,451,502)	(6,401,608)
Cash Payments for Employees	(1,304,298)	(5,536,492)	(6,840,790)
Net Cash Provided by Operating Activities	359,200	164,171	523,371
<u>Cash Flows from Noncapital Financing Activities:</u>			
Advances In from Other Funds	78,390	0	78,390
Advances Out to Other Funds	(329,139)	0	(329,139)
Net Cash Used by Noncapital Financing Activities	(250,749)	0	(250,749)
<u>Cash Flows from Capital and Related Financing Activities:</u>			
SBITA Principal Retirement	0	(133,901)	(133,901)
Acquisition and Construction of Assets	(98,925)	0	(98,925)
Net Cash Used by Capital and Related Financing Activities	(98,925)	(133,901)	(232,826)
<u>Cash Flows from Investing Activities:</u>			
Change in the Fair Value of Investments	0	108	108
Net Cash Provided by Investing Activities	0	108	108
Net Increase in Cash and Cash Equivalents	9,526	30,378	39,904
Cash and Cash Equivalents at Beginning of Year	8,885	56,983	65,868
Cash and Cash Equivalents at End of Year	\$18,411	\$87,361	\$105,772
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income	\$348,638	\$229,979	\$578,617
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	26,606	123,748	150,354
Changes in Assets, Liabilities, and Deferred Outflows/Inflows:			
Decrease in Inventory	4,575	0	4,575
Increase in Net OPEB Asset	(43,177)	(197,560)	(240,737)
Decrease in Deferred Outflows of Resources	316,146	1,140,249	1,456,395
Increase (Decrease) in Accounts Payable	87,309	(260,792)	(173,483)
Increase in Accrued Wages and Benefits	23,887	98,658	122,545
Decrease in Intergovernmental Payable	(3,877)	(14,272)	(18,149)
Increase (Decrease) in Compensated Absences	(25,180)	84,350	59,170
Decrease in Net Pension Liability	(338,082)	(897,451)	(1,235,533)
Decrease in Net OPEB Liability	(33,970)	(141,183)	(175,153)
Decrease in Deferred Inflows of Resources	(3,675)	(1,555)	(5,230)
Total Adjustments	10,562	(65,808)	(55,246)
Net Cash Provided by Operating Activities	\$359,200	\$164,171	\$523,371



Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Custodial Funds

Rounding Up Utility Account Fund

To account for voluntary contributions from citizens and/or organizations within the City to assist elderly, needy and disabled utility customers with utility charges incurred.

Butler County Annexation Tax Fund

To account for income taxes obtained from a special annexation of property contiguous to Hamilton.

Joint Economic Development District (JEDD) Fund

To account for the receipt and disbursement of income tax revenue pursuant to The Joint Economic Development District Agreement with Indian Springs/ Fairfield Township.

Municipal Court Fund

To account for funds that flow through the Municipal Court office.

Police Property Room Fund

To account for the receipt of items remaining in the custody of the Police Department. The City will hold the items for a certain period of time at which they will be auctioned or disposed.

Property Assessed Clean Energy Fund

To account for special assessments collected and remitted to the Hamilton Community Authority. The assessments have been levied to fund energy improvements at the Champion Mill Spooky Nook Sports Complex site. The Hamilton Community Authority has issued debt to finance the energy improvements. The debt will be retired by the assessments collected from the project site owner.

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Custodial Funds
December 31, 2024**

	<u>Rounding Up Utility Account</u>	<u>Butler County Annexation Tax</u>	<u>JEDD</u>	<u>Municipal Court</u>
Assets:				
Equity in Pooled Cash and Investments	\$ 2,440	\$ 38,780	\$ 50,276	\$ 184,438
Receivables:				
Special Assessments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>2,440</u>	<u>38,780</u>	<u>50,276</u>	<u>184,438</u>
Liabilities:				
Intergovernmental Payable	0	38,780	50,276	184,438
Due to Others	2,440	0	0	0
Due to Hamilton Community Authority	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>2,440</u>	<u>38,780</u>	<u>50,276</u>	<u>184,438</u>
Net Position:				
Restricted For:				
Individuals and Other Governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF HAMILTON, OHIO

**Combining Statement of Net Position
Custodial Funds
December 31, 2024**

	Police Property Room	Property Assessed Clean Energy	Total Custodial Funds
Assets:			
Equity in Pooled Cash and Investments	\$ 369,697	\$ 0	\$ 645,631
Receivables:			
Special Assessments	0	30,637,102	30,637,102
Total Assets	<u>369,697</u>	<u>30,637,102</u>	<u>31,282,733</u>
Liabilities:			
Intergovernmental Payable	0	0	273,494
Due to Others	0	0	2,440
Due to Hamilton Community Authority	0	30,637,102	30,637,102
Total Liabilities	<u>0</u>	<u>30,637,102</u>	<u>30,913,036</u>
Net Position:			
Restricted For:			
Individuals and Other Governments	369,697	0	369,697
Total Net Position	<u>\$ 369,697</u>	<u>\$ 0</u>	<u>\$ 369,697</u>

CITY OF HAMILTON, OHIO

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

	Rounding Up Utility Account	Butler County Annexation Tax	JEDD	Municipal Court
Additions:				
Fines and Forfeiture Collections for Other Governments	\$ 0	\$ 0	\$ 0	\$ 2,477,152
Contributions Received for Others	9,079	0	0	0
Tax Collections for Other Governments	0	181,462	797,294	0
Receipt of Seized Property Held for Others	0	0	0	0
Total Additions	<u>9,079</u>	<u>181,462</u>	<u>797,294</u>	<u>2,477,152</u>
Deductions:				
Distribution of Fines and Forfeitures to Other Governments	0	0	0	2,477,152
Distribution of Contributions Received for Others	9,079	0	0	0
Distribution of Taxes to Other Governments	0	181,462	797,294	0
Distribution of Seized Property Held for Others	0	0	0	0
Total Deductions	<u>9,079</u>	<u>181,462</u>	<u>797,294</u>	<u>2,477,152</u>
Change in Net Position	0	0	0	0
Net Position at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

CITY OF HAMILTON, OHIO

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

	Police Property Room	Property Assessed Clean Energy	Total Custodial Funds
Additions:			
Fines and Forfeiture Collections for Other Governments	\$ 0	\$ 0	\$ 2,477,152
Contributions Received for Others	0	0	9,079
Tax Collections for Other Governments	0	2,458,209	3,436,965
Receipt of Seized Property Held for Others	19,739	0	19,739
Total Additions	19,739	2,458,209	5,942,935
Deductions:			
Distribution of Fines and Forfeitures to Other Governments	0	0	2,477,152
Distribution of Contributions Received for Others	0	0	9,079
Distribution of Taxes to Other Governments	0	2,458,209	3,436,965
Distribution of Seized Property Held for Others	6,733	0	6,733
Total Deductions	6,733	2,458,209	5,929,929
Change in Net Position	13,006	0	13,006
Net Position at Beginning of Year	356,691	0	356,691
Net Position End of Year	\$ 369,697	\$ 0	\$ 369,697



STATISTICAL SECTION





STATISTICAL TABLES

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends	S 2 – S 21
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	
Revenue Capacity	S 22 – S 34
These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the income tax and property tax.	
Debt Capacity	S 35 – S 47
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Economic and Demographic Information	S 48 – S 51
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
Operating Information	S 52 – S 65
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	*		*
	2015	2016	2017
Governmental Activities:			
Net Investment in Capital Assets	\$66,544,600	\$74,591,613	\$82,073,889
Restricted	8,178,159	6,212,366	7,132,718
Unrestricted (Deficit)	(28,081,791)	(34,082,733)	(82,974,765)
Total Governmental Activities Net Position	<u>\$46,640,968</u>	<u>\$46,721,246</u>	<u>\$6,231,842</u>
Business-type Activities:			
Net Investment in Capital Assets	\$100,463,100	\$196,783,938	\$196,590,931
Restricted	18,235,929	18,131,101	15,582,840
Unrestricted	29,658,800	62,635,431	33,762,003
Total Business-type Activities Net Position	<u>\$148,357,829</u>	<u>\$277,550,470</u>	<u>\$245,935,774</u>
Primary Government:			
Net Investment in Capital Assets	\$167,007,700	\$271,375,551	\$278,664,820
Restricted	26,414,088	24,343,467	22,715,558
Unrestricted	1,577,009	28,552,698	(49,212,762)
Total Primary Government Net Position	<u>\$194,998,797</u>	<u>\$324,271,716</u>	<u>\$252,167,616</u>

* Restated

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	*		
	2018	2019	2020
Governmental Activities:			
Net Investment in Capital Assets	\$69,635,711	\$73,715,986	\$85,377,651
Restricted	5,676,645	9,554,467	8,747,676
Unrestricted (Deficit)	(73,211,626)	(49,812,247)	(59,169,890)
Total Governmental Activities Net Position	<u>\$2,100,730</u>	<u>\$33,458,206</u>	<u>\$34,955,437</u>
Business-type Activities:			
Net Investment in Capital Assets	\$191,875,521	\$192,842,977	\$191,648,643
Restricted	15,306,399	11,971,595	11,147,393
Unrestricted	29,137,499	28,861,306	25,194,953
Total Business-type Activities Net Position	<u>\$236,319,419</u>	<u>\$233,675,878</u>	<u>\$227,990,989</u>
Primary Government:			
Net Investment in Capital Assets	\$261,511,232	\$266,558,963	\$277,026,294
Restricted	20,983,044	21,526,062	19,895,069
Unrestricted	(44,074,127)	(20,950,941)	(33,974,937)
Total Primary Government Net Position	<u>\$238,420,149</u>	<u>\$267,134,084</u>	<u>\$262,946,426</u>

(continued)

CITY OF HAMILTON, OHIO

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

	2021	2022	2023	2024
Governmental Activities:				
Net Investment in Capital Assets	\$98,174,900	\$107,664,999	\$107,106,582	\$126,955,873
Restricted	20,840,792	25,144,359	37,014,344	44,997,246
Unrestricted (Deficit)	(57,572,835)	(32,863,441)	(28,287,605)	(44,709,403)
Total Governmental Activities Net Position	<u>\$61,442,857</u>	<u>\$99,945,917</u>	<u>\$115,833,321</u>	<u>\$127,243,716</u>
Business-type Activities:				
Net Investment in Capital Assets	\$195,264,437	\$192,960,925	\$191,848,830	\$185,443,520
Restricted	11,063,967	11,089,133	11,144,901	12,172,879
Unrestricted	42,324,569	53,299,482	58,911,165	71,526,573
Total Business-type Activities Net Position	<u>\$248,652,973</u>	<u>\$257,349,540</u>	<u>\$261,904,896</u>	<u>\$269,142,972</u>
Primary Government:				
Net Investment in Capital Assets	\$293,439,337	\$300,625,924	\$298,955,412	\$312,399,393
Restricted	31,904,759	36,233,492	48,159,245	57,170,125
Unrestricted	(15,248,266)	20,436,041	30,623,560	26,817,170
Total Primary Government Net Position	<u>\$310,095,830</u>	<u>\$357,295,457</u>	<u>\$377,738,217</u>	<u>\$396,386,688</u>

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2015	2016	2017
Expenses			
Governmental Activities:			
General Government	\$11,972,665	\$13,748,213	\$10,793,974
Security of Persons and Property	29,109,984	29,364,275	32,248,544
Leisure Time Activities	2,788,945	2,655,781	2,872,495
Community Environment	3,213,932	2,156,324	2,638,446
Basic Utility Services	6,779,008	5,986,601	6,692,126
Transportation	5,496,120	5,398,871	5,418,564
Public Health and Welfare Services	1,542,573	1,392,658	1,876,111
Interest on Long Term Debt	1,075,144	1,136,751	1,142,343
<i>Total Governmental Activities Expenses</i>	<u>61,978,371</u>	<u>61,839,474</u>	<u>63,682,603</u>
Business-type Activities:			
Gas Utility	22,071,290	20,059,695	20,169,139
Electric Utility	65,637,974	73,482,880	85,518,469
Water Utility	14,563,899	14,948,562	16,234,311
Wastewater Utility	12,065,377	13,232,904	13,359,997
<i>Total Business-type Activities Expenses</i>	<u>114,338,540</u>	<u>121,724,041</u>	<u>135,281,916</u>
<i>Total Primary Government Expenses</i>	<u>\$176,316,911</u>	<u>\$183,563,515</u>	<u>\$198,964,519</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$3,183,357	\$3,666,535	\$4,154,625
Security of Persons and Property	3,055,722	3,195,876	3,323,603
Leisure Time Activities	1,209,724	1,098,407	1,128,081
Community Environment	456,883	789,256	333,476
Basic Utility Services	5,839,079	6,031,405	6,451,263
Transportation	659,797	683,059	859,246
Public Health and Welfare Services	222,113	224,444	213,411
Operating Grants and Contributions	5,584,899	4,469,691	4,556,837
Capital Grants and Contributions	2,880,774	3,186,797	3,504,621
<i>Total Governmental Activities Program Revenues</i>	<u>23,092,348</u>	<u>23,345,470</u>	<u>24,525,163</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2018	2019	2020
Expenses			
Governmental Activities:			
General Government	\$7,716,575	\$8,781,340	\$7,266,275
Security of Persons and Property	35,283,600	4,871,606	35,594,939
Leisure Time Activities	2,880,127	3,182,781	2,232,464
Community Environment	2,409,400	2,644,798	9,914,098
Basic Utility Services	7,500,327	8,728,161	9,878,398
Transportation	8,072,742	8,140,992	5,554,662
Public Health and Welfare Services	1,525,836	1,418,978	2,348,847
Interest on Long Term Debt	1,383,549	2,155,256	2,751,191
<i>Total Governmental Activities Expenses</i>	<u>66,772,156</u>	<u>39,923,912</u>	<u>75,540,874</u>
Business-type Activities:			
Gas Utility	22,634,644	21,001,035	19,067,720
Electric Utility	86,543,649	84,314,775	83,678,299
Water Utility	15,631,654	16,724,324	16,662,378
Wastewater Utility	15,037,103	13,779,455	13,361,201
<i>Total Business-type Activities Expenses</i>	<u>139,847,050</u>	<u>135,819,589</u>	<u>132,769,598</u>
<i>Total Primary Government Expenses</i>	<u><u>\$206,619,206</u></u>	<u><u>\$175,743,501</u></u>	<u><u>\$208,310,472</u></u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$4,132,094	\$4,929,109	\$5,300,394
Security of Persons and Property	3,355,144	3,255,130	2,834,002
Leisure Time Activities	1,084,312	1,064,951	179,882
Community Environment	473,146	861,033	898,255
Basic Utility Services	6,551,126	7,098,064	7,540,591
Transportation	846,517	909,805	1,146,078
Public Health and Welfare Services	224,750	238,566	223,548
Operating Grants and Contributions	3,508,525	6,358,220	9,323,536
Capital Grants and Contributions	2,800,741	3,881,170	3,106,891
<i>Total Governmental Activities Program Revenues</i>	<u>22,976,355</u>	<u>28,596,048</u>	<u>30,553,177</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2021	2022	2023
Expenses			
Governmental Activities:			
General Government	\$6,246,010	\$18,470,115	\$11,433,689
Security of Persons and Property	33,588,698	36,180,916	41,136,958
Leisure Time Activities	2,012,859	2,063,074	2,265,405
Community Environment	1,818,527	3,792,757	6,359,391
Basic Utility Services	7,558,497	6,681,915	6,850,578
Transportation	6,621,360	6,256,765	7,737,256
Public Health and Welfare Services	712,773	846,360	993,463
Interest on Long Term Debt	2,636,393	2,815,851	4,132,743
<i>Total Governmental Activities Expenses</i>	<u>61,195,117</u>	<u>77,107,753</u>	<u>80,909,483</u>
Business-type Activities:			
Gas Utility	17,796,790	20,191,885	17,653,720
Electric Utility	68,304,783	77,236,352	85,873,247
Water Utility	13,540,250	15,504,942	18,014,796
Wastewater Utility	10,274,234	11,865,791	13,674,621
<i>Total Business-type Activities Expenses</i>	<u>109,916,057</u>	<u>124,798,970</u>	<u>135,216,384</u>
<i>Total Primary Government Expenses</i>	<u>\$171,111,174</u>	<u>\$201,906,723</u>	<u>\$216,125,867</u>
Program Revenues			
Governmental Activities:			
Charges for Services			
General Government	\$5,410,568	\$5,585,668	\$5,691,252
Security of Persons and Property	2,934,308	3,045,715	3,405,743
Leisure Time Activities	17,529	18,403	19,130
Community Environment	822,130	455,952	895,299
Basic Utility Services	8,121,292	8,129,162	8,087,268
Transportation	1,222,650	1,316,043	1,294,265
Public Health and Welfare Services	245,595	250,886	309,406
Operating Grants and Contributions	14,461,507	33,295,944	10,585,425
Capital Grants and Contributions	2,972,337	10,589,705	4,247,487
<i>Total Governmental Activities Program Revenues</i>	<u>36,207,916</u>	<u>62,687,478</u>	<u>34,535,275</u>

CITY OF HAMILTON, OHIO

Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	<u>2024</u>
Expenses	
Governmental Activities:	
General Government	\$10,902,992
Security of Persons and Property	42,718,102
Leisure Time Activities	2,532,738
Community Environment	5,043,219
Basic Utility Services	8,377,519
Transportation	11,090,974
Public Health and Welfare Services	960,082
Interest on Long Term Debt	3,997,412
<i>Total Governmental Activities Expenses</i>	<u>85,623,038</u>
Business-type Activities:	
Gas Utility	18,039,348
Electric Utility	88,478,799
Water Utility	19,723,656
Wastewater Utility	13,874,521
<i>Total Business-type Activities Expenses</i>	<u>140,116,324</u>
<i>Total Primary Government Expenses</i>	<u><u>\$225,739,362</u></u>

Program Revenues

Governmental Activities:	
Charges for Services	
General Government	\$5,791,809
Security of Persons and Property	4,023,448
Leisure Time Activities	21,044
Community Environment	574,142
Basic Utility Services	8,459,814
Transportation	1,297,661
Public Health and Welfare Services	2,037,717
Operating Grants and Contributions	7,385,404
Capital Grants and Contributions	5,783,459
<i>Total Governmental Activities Program Revenues</i>	<u>35,374,498</u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2015	2016	2017
Business-type Activities:			
Charges for Services			
Gas Utility	21,979,425	19,086,678	18,482,683
Electric Utility	64,619,906	66,319,492	70,567,830
Water Utility	12,550,024	13,088,389	13,390,954
Wastewater Utility	11,821,865	12,385,219	12,368,579
Operating Grants and Contributions	0	743,247	743,577
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>110,971,220</u>	<u>111,623,025</u>	<u>115,553,623</u>
<i>Total Primary Government Program Revenues</i>	<u>134,063,568</u>	<u>134,968,495</u>	<u>140,078,786</u>
Net (Expense)/Revenue			
Governmental Activities	(38,886,023)	(38,494,004)	(39,157,440)
Business-type Activities	<u>(3,367,320)</u>	<u>(10,101,016)</u>	<u>(19,728,293)</u>
<i>Total Primary Government Net (Expense)/Revenue</i>	<u><u>(\$42,253,343)</u></u>	<u><u>(\$48,595,020)</u></u>	<u><u>(\$58,885,733)</u></u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$24,852,412	\$25,970,527	\$25,664,959
Property and Other Local Taxes	8,959,287	8,627,124	8,581,044
Intergovernmental, Unrestricted	2,691,164	2,342,386	2,206,014
Investment Earnings	114,686	28,749	196,209
Miscellaneous	1,635,091	1,605,496	1,509,998
Transfers	<u>(46,727)</u>	<u>0</u>	<u>0</u>
<i>Total Governmental Activities</i>	<u>38,205,913</u>	<u>38,574,282</u>	<u>38,158,224</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	2,952	0
Investment Earnings	317,485	290,705	781,792
Transfers	46,727	0	0
Special Items	<u>0</u>	<u>139,000,000</u>	<u>0</u>
<i>Total Business-type Activities</i>	<u>364,212</u>	<u>139,293,657</u>	<u>781,792</u>
<i>Total Primary Government</i>	<u><u>\$38,570,125</u></u>	<u><u>\$177,867,939</u></u>	<u><u>\$38,940,016</u></u>
Change in Net Position			
Governmental Activities	(\$680,110)	\$80,278	(\$999,216)
Business-type Activities	<u>(3,003,108)</u>	<u>129,192,641</u>	<u>(18,946,501)</u>
<i>Total Primary Government Change in Net Position</i>	<u><u>(\$3,683,218)</u></u>	<u><u>\$129,272,919</u></u>	<u><u>(\$19,945,717)</u></u>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2018	2019	2020
Business-type Activities:			
Charges for Services			
Gas Utility	21,756,412	21,076,426	17,849,755
Electric Utility	79,889,209	81,730,855	80,238,628
Water Utility	13,904,531	14,747,917	14,396,099
Wastewater Utility	12,653,041	13,454,526	13,109,026
Operating Grants and Contributions	744,842	742,114	85,733
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>128,948,035</u>	<u>131,751,838</u>	<u>125,679,241</u>
<i>Total Primary Government Program Revenues</i>	<u>151,924,390</u>	<u>131,751,838</u>	<u>125,679,241</u>
Net (Expense)/Revenue			
Governmental Activities	(43,795,801)	(11,327,864)	(44,987,697)
Business-type Activities	(10,899,015)	(4,067,751)	(7,090,357)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$54,694,816)</u>	<u>(\$15,395,615)</u>	<u>(\$52,078,054)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$26,716,305	\$28,838,412	\$30,414,174
Property and Other Local Taxes	8,999,351	8,998,489	9,081,485
Intergovernmental, Unrestricted	2,281,996	2,742,242	2,543,229
Investment Earnings	314,480	773,556	723,360
Miscellaneous	1,198,278	1,332,641	3,722,680
Transfers	0	0	0
<i>Total Governmental Activities</i>	<u>39,510,410</u>	<u>42,685,340</u>	<u>46,484,928</u>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	1,282,660	1,424,210	1,405,468
Transfers	0	0	0
Special Items	0	0	0
<i>Total Business-type Activities</i>	<u>1,282,660</u>	<u>1,424,210</u>	<u>1,405,468</u>
<i>Total Primary Government</i>	<u>\$40,793,070</u>	<u>\$44,109,550</u>	<u>\$47,890,396</u>
Change in Net Position			
Governmental Activities	(\$4,285,391)	\$31,357,476	\$1,497,231
Business-type Activities	(9,616,355)	(2,643,541)	(5,684,889)
<i>Total Primary Government Change in Net Position</i>	<u>(\$13,901,746)</u>	<u>\$28,713,935</u>	<u>(\$4,187,658)</u>

(continued)

CITY OF HAMILTON, OHIO

Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2021	2022	2023
Business-type Activities:			
Charges for Services			
Gas Utility	18,111,405	19,230,682	16,183,246
Electric Utility	85,535,709	86,535,081	87,636,270
Water Utility	14,301,554	14,959,968	16,114,463
Wastewater Utility	12,971,767	13,002,156	13,514,647
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<i>130,920,435</i>	<i>133,727,887</i>	<i>133,448,626</i>
<i>Total Primary Government Program Revenues</i>	<i>130,920,435</i>	<i>133,727,887</i>	<i>133,448,626</i>
Net (Expense)/Revenue			
Governmental Activities	(24,987,201)	(14,420,275)	(46,374,208)
Business-type Activities	21,004,378	8,928,917	(1,767,758)
<i>Total Primary Government Net (Expense)/Revenue</i>	<i>(\$3,982,823)</i>	<i>(\$5,491,358)</i>	<i>(\$48,141,966)</i>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Income Taxes	\$31,245,133	\$36,761,592	\$38,494,969
Property and Other Local Taxes	13,012,233	14,352,323	15,612,286
Intergovernmental, Unrestricted	3,066,316	3,240,413	2,951,724
Investment Earnings	(142,439)	(1,819,798)	4,586,929
Miscellaneous	4,293,378	1,383,805	2,872,089
Transfers	0	(995,000)	(2,256,385)
<i>Total Governmental Activities</i>	<i>51,474,621</i>	<i>52,923,335</i>	<i>62,261,612</i>
Business-type Activities:			
Other Local Taxes (kWh Tax)	0	0	0
Investment Earnings	(342,394)	(1,227,350)	4,066,729
Transfers	0	995,000	2,256,385
Special Items	0	0	0
<i>Total Business-type Activities</i>	<i>(342,394)</i>	<i>(232,350)</i>	<i>6,323,114</i>
<i>Total Primary Government</i>	<i>\$51,132,227</i>	<i>\$52,690,985</i>	<i>\$68,584,726</i>
Change in Net Position			
Governmental Activities	\$26,487,420	\$38,503,060	\$15,887,404
Business-type Activities	20,661,984	8,696,567	4,555,356
<i>Total Primary Government Change in Net Position</i>	<i>\$47,149,404</i>	<i>\$47,199,627</i>	<i>\$20,442,760</i>

(continued)

CITY OF HAMILTON, OHIO

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2024
Business-type Activities:	
Charges for Services	
Gas Utility	17,680,506
Electric Utility	93,143,631
Water Utility	18,276,660
Wastewater Utility	14,447,810
Operating Grants and Contributions	0
Capital Grants and Contributions	992,639
<i>Total Business-type Activities Program Revenues</i>	<u>144,541,246</u>
<i>Total Primary Government Program Revenues</i>	<u>144,541,246</u>
Net (Expense)/Revenue	
Governmental Activities	(50,248,540)
Business-type Activities	4,424,922
<i>Total Primary Government Net (Expense)/Revenue</i>	<u><u>(\$45,823,618)</u></u>
General Revenues and Other Changes in Net Position	
Governmental Activities:	
Income Taxes	\$37,113,258
Property and Other Local Taxes	18,802,808
Intergovernmental, Unrestricted	3,297,160
Investment Earnings	3,419,102
Miscellaneous	2,625,008
Transfers	(180,000)
<i>Total Governmental Activities</i>	<u>65,077,336</u>
Business-type Activities:	
Other Local Taxes (kWh Tax)	0
Investment Earnings	4,438,372
Transfers	180,000
Special Items	0
<i>Total Business-type Activities</i>	<u>4,618,372</u>
<i>Total Primary Government</i>	<u><u>\$69,695,708</u></u>
Change in Net Position	
Governmental Activities	\$14,828,796
Business-type Activities	9,043,294
<i>Total Primary Government Change in Net Position</i>	<u><u>\$23,872,090</u></u>

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

				*
	2015	2016	2017	2018
General Fund				
Nonspendable	\$273,120	\$270,135	\$241,555	\$272,307
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	2,027,119	1,598,710	2,141,318	3,735,047
Unassigned	11,602,256	7,267,975	5,504,248	12,462,795
<i>Total General Fund</i>	<u>13,902,495</u>	<u>9,136,820</u>	<u>7,887,121</u>	<u>16,470,149</u>
All Other Governmental Funds				
Nonspendable	\$169,184	\$176,403	\$167,074	\$161,087
Restricted	5,294,588	2,748,424	3,607,737	2,621,820
Committed	4,386,446	4,438,845	3,901,117	3,893,237
Assigned	843,659	103,101	5,255	490,909
Unassigned	(36,116)	(391,739)	(5,155,483)	(2,900,490)
Total All Other Governmental Funds	<u>10,657,761</u>	<u>7,075,034</u>	<u>2,525,700</u>	<u>4,266,563</u>
<i>Total Governmental Funds</i>	<u><u>\$24,560,256</u></u>	<u><u>\$16,211,854</u></u>	<u><u>\$10,412,821</u></u>	<u><u>\$20,736,712</u></u>

(continued)

Source: City Records

* Restated

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund				
Nonspendable	\$228,832	\$281,476	\$325,705	\$388,893
Restricted	0	0	7,000,000	7,000,000
Committed	0	0	0	0
Assigned	3,123,241	5,734,275	6,354,659	6,292,751
Unassigned	13,689,068	19,346,447	18,559,678	18,521,286
<i>Total General Fund</i>	<u>17,041,141</u>	<u>25,362,198</u>	<u>32,240,042</u>	<u>32,202,930</u>
 All Other Governmental Funds				
Nonspendable	\$135,027	\$162,527	\$187,935	\$146,114
Restricted	6,157,749	38,307,485	37,574,978	46,248,176
Committed	3,382,530	2,507,621	1,976,869	3,777,156
Assigned	14,359,229	7,004,568	6,177,139	15,462,246
Unassigned	(650,864)	(1,063,149)	(1,325,806)	(2,000,434)
Total All Other Governmental Funds	<u>23,383,671</u>	<u>46,919,052</u>	<u>44,591,115</u>	<u>63,633,258</u>
<i>Total Governmental Funds</i>	<u><u>\$40,424,812</u></u>	<u><u>\$72,281,250</u></u>	<u><u>\$76,831,157</u></u>	<u><u>\$95,836,188</u></u>

(continued)

CITY OF HAMILTON, OHIO

*Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	<u>2023</u>	<u>2024</u>
General Fund		
Nonspendable	\$4,943,018	\$4,430,016
Restricted	7,000,000	7,000,000
Committed	0	0
Assigned	5,273,482	5,128,534
Unassigned	17,909,919	19,999,445
<i>Total General Fund</i>	<u>35,126,419</u>	<u>36,557,995</u>
 All Other Governmental Funds		
Nonspendable	\$169,579	\$163,795
Restricted	56,785,180	62,451,887
Committed	5,203,594	3,816,083
Assigned	9,689,740	4,662,048
Unassigned	(6,120,000)	(25,551,607)
<i>Total All Other Governmental Funds</i>	<u>65,728,093</u>	<u>45,542,206</u>
 <i>Total Governmental Funds</i>	<u><u>\$100,854,512</u></u>	<u><u>\$82,100,201</u></u>

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2015	2016	2017	2018
Revenues:				
Taxes	\$33,637,684	\$34,425,266	\$34,475,333	\$35,923,106
Intergovernmental Revenues	10,354,357	10,075,259	10,152,144	8,965,068
Charges for Services	12,210,156	12,746,544	14,098,978	13,941,420
Licenses and Permits	1,018,831	1,086,953	1,110,347	1,307,990
Investment Earnings	114,686	28,749	196,209	314,480
Special Assessments	457,761	452,533	345,325	613,095
Fines and Forfeitures	944,175	1,063,974	923,483	942,788
All Other Revenue	1,635,091	1,880,496	1,509,998	1,198,278
Total Revenues	60,372,741	61,759,774	62,811,817	63,206,225
Expenditures:				
Current:				
General Government	5,203,607	10,186,194	7,066,643	5,257,017
Security of Persons and Property	26,548,711	27,434,430	28,794,336	29,505,532
Leisure Time Activities	2,427,067	2,318,248	2,536,998	2,461,376
Community Environment	3,004,125	2,162,524	2,406,167	2,283,037
Basic Utility Services	6,354,117	8,344,578	8,644,891	7,196,824
Transportation	3,161,989	4,109,609	3,226,018	3,365,740
Public Health and Welfare Services	1,455,638	1,398,872	1,679,277	1,406,363
Capital Outlay	14,304,429	11,282,845	12,560,558	10,094,186
Debt Service:				
Principal Retirement	2,559,963	3,208,002	12,215,116	2,604,211
Interest and Fiscal Charges	1,217,255	1,283,266	1,183,980	1,296,558
Total Expenditures	66,236,901	71,728,568	80,313,984	65,470,844
Excess (Deficiency) of Revenues Over Expenditures	(5,864,160)	(9,968,794)	(17,502,167)	(2,264,619)

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2019	2020	2021	2022
Revenues:				
Taxes	\$37,764,569	\$39,426,581	\$44,175,481	\$50,658,918
Intergovernmental Revenues	12,579,271	14,877,943	20,352,433	47,202,569
Charges for Services	14,943,430	14,404,805	15,278,500	15,704,485
Licenses and Permits	1,572,057	2,123,975	1,898,991	1,963,308
Investment Earnings	773,556	723,360	(142,439)	(1,819,798)
Special Assessments	753,092	920,081	750,651	518,976
Fines and Forfeitures	964,239	687,791	766,354	661,527
All Other Revenue	1,059,463	3,995,858	4,293,378	1,383,805
Total Revenues	70,409,677	77,160,394	87,373,349	116,273,790
Expenditures:				
Current:				
General Government	6,224,429	6,246,754	9,714,308	13,811,730
Security of Persons and Property	31,629,829	30,985,000	33,422,400	36,268,529
Leisure Time Activities	2,730,146	1,810,018	1,768,933	1,790,142
Community Environment	2,339,378	1,729,218	2,336,432	5,066,502
Basic Utility Services	8,087,683	9,311,833	10,242,782	9,429,483
Transportation	3,196,931	3,066,211	4,814,747	7,258,075
Public Health and Welfare Services	1,200,403	2,203,987	1,033,670	1,061,662
Capital Outlay	10,610,750	17,843,220	16,433,795	16,802,385
Debt Service:				
Principal Retirement	11,966,907	5,991,407	3,077,208	3,042,357
Interest and Fiscal Charges	1,648,529	2,396,199	2,532,544	2,796,834
Total Expenditures	79,634,985	81,583,847	85,376,819	97,327,699
Excess (Deficiency) of Revenues Over Expenditures	(9,225,308)	(4,423,453)	1,996,530	18,946,091

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2023	2024
Revenues:		
Taxes	\$53,886,749	\$56,303,994
Intergovernmental Revenues	17,025,982	16,580,171
Charges for Services	16,010,835	16,613,377
Licenses and Permits	1,917,952	2,237,151
Investment Earnings	4,586,929	3,419,102
Special Assessments	898,782	620,391
Fines and Forfeitures	877,550	974,198
All Other Revenue	1,607,894	3,646,863
Total Revenues	<u>96,812,673</u>	<u>100,395,247</u>
Expenditures:		
Current:		
General Government	8,139,021	9,520,223
Security of Persons and Property	33,800,374	37,453,047
Leisure Time Activities	1,808,845	2,172,451
Community Environment	6,166,040	4,942,835
Basic Utility Services	7,343,549	10,091,087
Transportation	5,117,998	9,194,192
Public Health and Welfare Services	922,515	925,504
Capital Outlay	23,358,668	37,323,043
Debt Service:		
Principal Retirement	2,132,043	3,580,792
Interest and Fiscal Charges	4,046,608	4,048,416
Total Expenditures	<u>92,835,661</u>	<u>119,251,590</u>
Excess (Deficiency) of Revenues Over Expenditures	3,977,012	(18,856,343)

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2015	2016	2017	2018
Other Financing Sources (Uses):				
Sale of Capital Assets	65,721	15,336	22,411	750,708
Lease Issuance	0	0	0	0
Ohio Water Development Authority Loans	0	1,592,766	0	0
Loan Issuance	700,000	0	1,427,128	266,705
Bonds and Notes Issued	0	0	1,196,214	11,470,000
Premium on Debt Issuance	0	0	0	242
Discount on Debt Issuance	0	0	0	(54,429)
Refunding Bonds Issued	0	0	23,141,416	0
Refunded Bonds Redeemed	0	0	(14,087,879)	0
Long Term Note Issuance	0	0	0	0
Transfers In	10,725,880	10,319,607	6,973,964	14,002,163
Transfers Out	(10,522,975)	(10,319,607)	(6,973,964)	(14,002,163)
Total Other Financing Sources (Uses)	<u>968,626</u>	<u>1,608,102</u>	<u>11,699,290</u>	<u>12,433,226</u>
Net Change in Fund Balance	<u>(\$4,895,534)</u>	<u>(\$8,360,692)</u>	<u>(\$5,802,877)</u>	<u>\$10,168,607</u>
 Debt Service as a Percentage of Noncapital Expenditures	 6.78%	 7.50%	 19.58%	 6.60%

(continued)

Source: City Records

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2019	2020	2021	2022
Other Financing Sources (Uses):				
Sale of Capital Assets	81,958	959,246	116,840	19,630
Lease Issuance	0	0	0	356,509
Ohio Water Development Authority Loans	0	803,232	1,419,405	564,711
Loan Issuance	24,952,286	0	0	150,561
Bonds and Notes Issued	0	33,030,000	1,000,000	0
Premium on Debt Issuance	0	356,083	0	0
Discount on Debt Issuance	0	0	0	0
Refunding Bonds Issued	0	31,650,000	0	0
Refunded Bonds Redeemed	0	(30,538,765)	0	0
Long Term Note Issuance	3,893,340	0	0	0
Transfers In	7,534,399	12,010,540	7,829,713	25,337,248
Transfers Out	(7,534,399)	(12,010,540)	(7,829,713)	(26,332,248)
Total Other Financing Sources (Uses)	<u>28,927,584</u>	<u>36,259,796</u>	<u>2,536,245</u>	<u>96,411</u>
Net Change in Fund Balance	<u>\$19,702,276</u>	<u>\$31,836,343</u>	<u>\$4,532,775</u>	<u>\$19,042,502</u>
 Debt Service as a Percentage of Noncapital Expenditures	 18.76%	 11.43%	 8.36%	 7.63%

(continued)

CITY OF HAMILTON, OHIO

*Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)*

	2023	2024
Other Financing Sources (Uses):		
Sale of Capital Assets	633,767	16,609
Lease Issuance	0	0
Ohio Water Development Authority Loans	384,986	0
Loan Issuance	0	283,523
Bonds and Notes Issued	0	0
Premium on Debt Issuance	0	0
Discount on Debt Issuance	0	0
Refunding Bonds Issued	0	0
Refunded Bonds Redeemed	0	0
Long Term Note Issuance	0	0
Transfers In	11,426,750	10,129,836
Transfers Out	(11,426,750)	(10,309,836)
Total Other Financing Sources (Uses)	<u>1,018,753</u>	<u>120,132</u>
Net Change in Fund Balance	<u><u>\$4,995,765</u></u>	<u><u>(\$18,736,211)</u></u>
 Debt Service as a Percentage of Noncapital Expenditures	 8.32%	 9.51%

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	2015	2016	2017	2018
Real Property				
Assessed	\$747,624,230	\$744,751,530	\$789,655,500	\$788,116,750
Actual	2,136,069,229	2,127,861,514	2,256,158,571	2,251,762,143
Public Utility				
Assessed	4,937,810	5,062,790	5,309,340	5,738,750
Actual	4,937,810	5,062,790	5,309,340	5,738,750
Total				
Assessed	752,562,040	749,814,320	794,964,840	793,855,500
Actual	2,141,007,039	2,132,924,304	2,261,467,911	2,257,500,893
Assessed Value as a Percentage of Actual Value	35.15%	35.15%	35.15%	35.17%
Total Direct Tax Rate	\$6.81	\$6.81	\$6.81	\$6.81

Source: Butler County Auditor

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	2019	2020	2021	2022
Real Property				
Assessed	\$799,255,590	\$928,920,100	\$931,870,700	\$963,823,710
Actual	2,283,587,400	2,654,057,429	2,662,487,714	2,753,782,029
Public Utility				
Assessed	5,848,920	6,520,190	10,228,090	8,006,200
Actual	5,848,920	6,520,190	10,228,090	8,006,200
Total				
Assessed	805,104,510	935,440,290	942,098,790	971,829,910
Actual	2,289,436,320	2,660,577,619	2,672,715,804	2,761,788,229
Assessed Value as a Percentage of Actual Value	35.17%	35.16%	35.25%	35.19%
Total Direct Tax Rate	\$6.81	\$10.71	\$10.71	\$10.71

(continued)

CITY OF HAMILTON, OHIO

*Assessed Valuations and Estimated
True Values of Taxable Property
(per \$1,000 of assessed value)
Last Ten Years*

Tax Year	2023	2024
Real Property		
Assessed	\$1,244,848,470	\$1,252,653,230
Actual	3,556,709,914	3,579,009,229
Public Utility		
Assessed	7,681,160	7,787,880
Actual	7,681,160	7,787,880
Total		
Assessed	1,252,529,630	1,260,441,110
Actual	3,564,391,074	3,586,797,109
Assessed Value as a Percentage of Actual Value	35.14%	35.14%
Total Direct Tax Rate	\$10.71	\$10.71

CITY OF HAMILTON, OHIO

Property Tax Levies and Collections Last Ten Calendar Years

Calendar Year	2015	2016	2017	2018
Taxes Levied for the Calendar Year	\$5,091,799	\$5,060,320	\$5,046,008	\$5,268,044
Collected within the Calendar Year of the Levy				
Amount	4,837,997	4,845,600	4,847,791	5,048,100
Percent of Levy	95.02%	95.76%	96.07%	95.82%
Collections in Subsequent Years (1)	262,126	221,457	245,331	237,315
Total Collections to Date				
Amount	5,100,123	5,067,057	5,093,122	5,285,415
Percent of Levy	100.16%	100.13%	100.93%	100.33%

Source: County Auditor

(1) The County does not identify delinquent tax collections by tax year.

(continued)

CITY OF HAMILTON, OHIO

Property Tax Levies and Collections Last Ten Calendar Years

Calendar Year	2019	2020	2021	2022
Taxes Levied for the Calendar Year	\$5,263,202	\$5,337,176	\$9,187,665	\$9,242,216
Collected within the Calendar Year of the Levy				
Amount	5,087,861	5,111,567	8,784,460	8,884,567
Percent of Levy	96.67%	95.77%	95.61%	96.13%
Collections in Subsequent Years (1)	253,409	199,998	328,067	327,999
Total Collections to Date				
Amount	5,341,270	5,311,565	9,112,527	9,212,566
Percent of Levy	101.48%	99.52%	99.18%	99.68%

(continued)

CITY OF HAMILTON, OHIO

Property Tax Levies and Collections Last Ten Calendar Years

Calendar Year	2023	2024
Taxes Levied for the Calendar Year	\$9,427,760	\$10,755,769
Collected within the Calendar Year of the Levy		
Amount	8,962,636	10,252,095
Percent of Levy	95.07%	95.32%
Collections in Subsequent Years (1)	598,704	439,763
Total Collections to Date		
Amount	9,561,340	10,691,858
Percent of Levy	101.42%	99.41%

CITY OF HAMILTON, OHIO

*Direct and Overlapping
Property Tax Rates
Last Ten Calendar Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Direct Rate	6.81	6.81	6.81	6.81	6.81
Overlapping Rates					
Hamilton City School District	54.81	54.81	54.31	53.81	53.31
Butler County	9.72	9.72	9.72	9.72	9.72

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority
of the voters at a public election.

(continued)

CITY OF HAMILTON, OHIO

Direct and Overlapping

Property Tax Rates

Last Ten Calendar Years

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Direct Rates					
General Fund	4.21	4.21	4.21	4.21	4.21
Police Pension Fund	0.30	0.30	0.30	0.30	0.30
Fire Pension Fund	0.30	0.30	0.30	0.30	0.30
Police / Fire-EMS Levies	2.00	2.00	2.00	2.00	2.00
Street Levy	3.90	3.90	3.90	3.90	3.90
Total Direct Rate	10.71	10.71	10.71	10.71	10.71
Overlapping Rates					
Hamilton City School District	52.81	52.56	52.56	50.56	50.56
Butler County	9.22	7.30	9.72	9.28	9.72

CITY OF HAMILTON, OHIO

*Principal Property Tax Payers
Current Year and Nine Years Ago*

		2024	
Tax Payer	Nature of Business	Assessed Value	Percentage of Total Assessed Value
Colonial Senior Services	Healthcare	\$8,399,220	0.67%
Bethesda Hospital	Healthcare	7,116,000	0.56%
Pedcor Investments	Investments	6,402,490	0.51%
Duke Energy	Utility	6,011,150	0.48%
Shadow Creek Apartments	Real Estate	5,827,700	0.46%
AHP Knollwood Crossing	Real Estate	5,342,940	0.42%
Tippmann Realty	Real Estate	4,919,240	0.39%
Wish Village Apartments	Real Estate	4,345,740	0.34%
Saica Pack US	Manufacturing	4,279,910	0.34%
Clover Communities Hamilton	Real Estate	3,675,600	0.29%
	Sub-Total	56,319,990	4.46%
	All Others	1,204,121,120	95.54%
	Total	\$1,260,441,110	100.00%

		2015	
Tax Payer	Nature of Business	Assessed Value	Percentage of Total Assessed Value
Colonial Senior Services	Healthcare	\$5,491,920	0.73%
Duke Realty	Real Estate	3,993,590	0.53%
Shadow Creek Apartments	Real Estate	3,869,070	0.51%
AHP Knollwood Crossing	Real Estate	3,770,670	0.50%
Tippmann Realty	Real Estate	3,628,230	0.48%
Pedcor Investments	Investments	3,031,700	0.40%
Duke Energy	Utility	2,798,010	0.37%
SD County Walk Sub	Real Estate	2,502,860	0.33%
VCG-Hamilton Crossings	Real Estate	2,380,000	0.32%
TCG Symmes	Real Estate	2,308,500	0.31%
	Sub-Total	33,774,550	4.48%
	All Others	718,787,490	95.52%
	Total	\$752,562,040	100.00%

Source: County Auditor

CITY OF HAMILTON, OHIO

Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund (1)	\$19,347,853	\$20,442,128	\$20,597,611	\$21,195,154
Public Safety / Health Income Tax Fund (2)	3,120,623	3,297,119	3,322,196	3,416,956
Hamilton Capital Improvement Fund (3)	2,496,498	2,637,695	2,657,757	2,733,479
Total	<u>\$24,964,974</u>	<u>\$26,376,942</u>	<u>\$26,577,564</u>	<u>\$27,345,589</u>
Income Tax Rate (4)	2.00	2.00	2.00	2.00

(continued)

Source: City Records

(1) - Equates to 1.55% of 2.00% total rate, or 77.50% of total

(2) - Equates to 0.25% of 2.00% total rate, or 12.50% of total

(3) - Equates to 0.20% of 2.00% total rate, or 10.00% of total

(4) - Effective Dates of Levy:

Note: Increases in the income tax rate requires voter approval.

CITY OF HAMILTON, OHIO

Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Fund (1)	\$22,770,473	\$23,087,295	\$24,527,610	\$27,266,310
Public Safety / Health Income Tax Fund (2)	3,672,615	3,726,698	3,956,064	4,394,076
Hamilton Capital Improvement Fund (3)	<u>2,938,092</u>	<u>2,981,359</u>	<u>3,164,855</u>	<u>3,521,829</u>
Total	<u>\$29,381,180</u>	<u>\$29,795,352</u>	<u>\$31,648,529</u>	<u>\$35,182,215</u>
Income Tax Rate (4)	2.00	2.00	2.00	2.00

(continued)

CITY OF HAMILTON, OHIO

Income Tax Collection Receipts by Fund
(Cash Basis of Accounting)
Last Ten Calendar Years

	<u>2023</u>	<u>2024</u>
General Fund (1)	\$29,289,010	\$29,122,025
Public Safety / Health Income Tax Fund (2)	4,724,002	4,697,101
Hamilton Capital Improvement Fund (3)	<u>3,779,203</u>	<u>3,757,680</u>
Total	<u>\$37,792,215</u>	<u>\$37,576,806</u>
Income Tax Rate (4)	2.00	2.00

CITY OF HAMILTON, OHIO

*Principal Income Tax Payers
Current Year and Nine Years Ago*

Employer	Nature of Business	2024
		Rank
Butler County Auditor	Government	1
Hamilton City School District	Education	2
Kettering Medical Center Network	Healthcare	3
City of Hamilton	Government	4
ThyssenKrupp Bilstein of America Inc.	Manufacturing	5
Bethesda Hospital Inc.	Healthcare	6
United Performance Metals LLC	Manufacturing	7
Valeo Climate Control	Manufacturing	8
Miami University	Education	9
Kettering Independent Medical Group	Healthcare	10

Employer	Nature of Business	2015
		Rank
Butler County Auditor	Government	1
Hamilton City School District	Education	2
Kettering Medical Center Network	Healthcare	3
ThyssenKrupp Bilstein of America Inc.	Manufacturing	4
Miami University	Education	5
Valeo Climate Control	Manufacturing	6
GE Engine Services Inc.	Manufacturing	7
Bethesda Hospital Inc.	Healthcare	8
Alliance Physicians Inc.	Healthcare	9
Kroger LTD Partnership	Retail	10

Note: Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer.

CITY OF HAMILTON, OHIO

Ratios of Outstanding Debt By Type Last Ten Years

	2015	2016	2017	2018
Governmental Activities (1)				
General Obligation Bonds	\$20,762,700	\$18,218,564	\$3,211,639	\$14,057,373
Special Obligation Non-Tax Revenue Bonds	0	0	0	0
Income Tax Revenue Bonds	0	0	22,789,549	20,915,338
Installment Loans	10,115,037	9,432,035	0	0
Special Assessment Bonds	770,000	625,000	470,000	305,000
OWDA Loans	0	1,592,766	3,019,894	3,286,599
Leases	0	0	0	0
SBITA	0	0	0	0
Long Term Notes	0	0	0	0
Business-type Activities (1)				
Water Revenue Bonds	\$28,817,338	\$28,116,322	\$21,738,885	\$30,014,128
OWDA Loans	339,322	334,401	1,243,921	1,868,038
OPWC Loans	0	3,869,759	4,967,531	7,142,237
General Obligation Bonds	0	0	0	555,000
Gas Bonds	4,467,672	4,221,385	5,770,000	6,965,000
Enterprise Notes	103,695,000	0	45,220,000	0
Installment Loans	0	0	0	0
SBITA	0	0	0	0
Electric Revenue Bonds	30,924,820	30,111,546	16,269,523	28,883,975
Wastewater Bonds	51,824,871	49,533,503	21,484,866	45,495,404
Total Primary Government	\$251,716,760	\$146,055,281	\$146,185,808	\$159,488,092
Population (2)				
City of Hamilton	62,486	62,359	62,127	62,092
Outstanding Debt Per Capita	\$4,028	\$2,342	\$2,353	\$2,569
Income (3)				
Personal (in thousands) (a)	15,294,831	15,631,343	15,680,621	16,197,532
Percentage of Personal Income	1.65%	0.93%	0.93%	0.98%

Sources:

(1) City Records

(2) U.S. Bureau of Census, Population Division

(3) U.S. Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available for the County,
Total Personal Income is presented for the County.

CITY OF HAMILTON, OHIO

Ratios of Outstanding Debt By Type Last Ten Years

	2019	2020	2021	2022
Governmental Activities (1)				
General Obligation Bonds	\$13,402,229	\$15,472,141	\$14,760,281	\$14,203,421
Special Obligation Non-Tax Revenue Bonds	0	31,900,000	31,900,000	31,820,000
Income Tax Revenue Bonds	10,265,609	9,508,411	8,740,092	7,051,861
Installment Loans	24,335,000	23,870,000	23,390,000	22,990,631
Special Assessment Bonds	210,000	110,000	30,000	15,000
OWDA Loans	3,331,707	4,039,070	5,394,586	5,830,307
Leases	0	0	0	306,303
SBITA	0	0	0	0
Long Term Notes	3,893,340	0	0	0
Business-type Activities (1)				
Water Revenue Bonds	\$31,262,110	\$30,218,664	\$29,175,218	\$28,101,772
OWDA Loans	2,194,157	2,099,414	2,123,373	2,016,234
OPWC Loans	8,376,372	10,092,208	12,123,933	12,604,386
General Obligation Bonds	535,000	515,000	495,000	470,000
Gas Bonds	6,380,000	5,775,000	5,155,000	4,520,000
Enterprise Notes	0	0	0	0
Installment Loans	0	0	0	252,889
SBITA	0	0	0	0
Electric Revenue Bonds	42,712,319	41,345,459	39,948,599	38,506,739
Wastewater Bonds	42,649,583	40,380,752	38,081,921	35,723,911
Total Primary Government	\$189,547,426	\$215,326,119	\$211,318,003	\$204,413,454
Population (2)				
City of Hamilton	62,174	62,182	63,399	63,127
Outstanding Debt Per Capita	\$3,049	\$3,463	\$3,333	\$3,238
Income (3)				
Personal (in thousands) (a)	16,229,556	18,217,377	18,371,762	20,525,528
Percentage of Personal Income	1.17%	1.18%	1.15%	1.00%

CITY OF HAMILTON, OHIO

*Ratios of Outstanding Debt By Type
Last Ten Years*

	2023	2024
Governmental Activities (1)		
General Obligation Bonds	\$13,561,561	\$11,894,701
Special Obligation Non-Tax Revenue Bonds	31,740,000	31,160,000
Income Tax Revenue Bonds	6,467,860	6,008,106
Installment Loans	22,456,396	22,127,332
Special Assessment Bonds	0	0
OWDA Loans	6,043,817	5,867,468
Leases	194,404	104,102
SBITA	78,516	56,716
Long Term Notes	0	0
Business-type Activities (1)		
Water Revenue Bonds	\$27,003,326	\$25,869,880
OWDA Loans	2,247,498	2,709,963
OPWC Loans	12,153,566	13,266,926
General Obligation Bonds	445,000	420,000
Gas Bonds	3,865,000	3,200,000
Enterprise Notes	0	0
Installment Loans	127,976	0
SBITA	405,379	271,478
Electric Revenue Bonds	36,994,879	35,413,019
Wastewater Bonds	33,545,948	31,297,985
Total Primary Government	\$197,331,126	\$189,667,676
Population (2)		
City of Hamilton	62,937	62,997
Outstanding Debt Per Capita	\$3,135	\$3,011
Income (3)		
Personal (in thousands) (a)	21,969,925	23,250,148
Percentage of Personal Income	0.90%	0.82%

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2015	2016	2017	2018
Population (1)	62,486	62,359	62,127	62,092
Actual Value (in thousands) (2)	\$2,141,007	\$2,132,924	\$2,261,468	\$2,257,501
General Bonded Debt (3)				
General Obligation Bonds	\$20,762,700	\$18,218,564	\$3,211,639	\$14,612,373
Total General Bonded Debt	\$20,762,700	\$18,218,564	\$3,211,639	\$14,612,373
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$20,762,700	\$18,218,564	\$3,211,639	\$14,612,373
Ratio of Net Bonded Debt to Estimated Actual Value	0.97%	0.85%	0.14%	0.65%
Net Bonded Debt per Capita	\$332.28	\$292.16	\$51.69	\$235.33

Source:

(1) U.S. Bureau of Census of Population

(2) Butler County Auditor

(3) Includes all general obligation bonded debt supported by property taxes.

(continued)

CITY OF HAMILTON, OHIO

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2019	2020	2021	2022
Population (1)	62,174	62,182	63,399	63,127
Actual Value (in thousands) (2)	\$2,289,436	\$2,660,578	\$2,672,716	\$2,761,788
General Bonded Debt (3)				
General Obligation Bonds	\$13,937,229	\$15,987,141	\$15,255,281	\$14,673,421
Total General Bonded Debt	\$13,937,229	\$15,987,141	\$15,255,281	\$14,673,421
Resources Available to Pay Principal	\$0	\$0	\$0	\$0
Net General Bonded Debt	\$13,937,229	\$15,987,141	\$15,255,281	\$14,673,421
Ratio of Net Bonded Debt to Estimated Actual Value	0.61%	0.60%	0.57%	0.53%
Net Bonded Debt per Capita	\$224.16	\$257.10	\$240.62	\$232.44

(continued)

CITY OF HAMILTON, OHIO

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	2023	2024
Population (1)	62,937	62,997
Actual Value (in thousands) (2)	\$3,564,391	\$3,586,797
General Bonded Debt (3)		
General Obligation Bonds	\$14,006,561	\$12,314,701
Total General Bonded Debt	\$14,006,561	\$12,314,701
Resources Available to Pay Principal	\$0	\$0
Net General Bonded Debt	\$14,006,561	\$12,314,701
Ratio of Net Bonded Debt to Estimated Actual Value	0.39%	0.34%
Net Bonded Debt per Capita	\$222.55	\$195.48

CITY OF HAMILTON, OHIO

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2024*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to the City of Hamilton (1)	Amount Applicable to the City of Hamilton
Direct:			
City of Hamilton	\$77,218,425	100.00%	\$77,218,425
Overlapping:			
Butler County	16,615,470	9.45%	1,570,162
Hamilton City School District	33,535,000	96.60%	32,394,810
Talawanda City School District	16,405,000	2.86%	469,183
Ross Local School District	5,905,000	0.32%	18,896
Butler Technology and Career Center	5,818,000	8.05%	468,349
		Subtotal	34,921,400
		Total	\$112,139,825

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Ohio Auditor of State

CITY OF HAMILTON, OHIO

Debt Limitations Last Ten Years

Tax Year	2015	2016	2017	2018
Total Debt				
Net Assessed Valuation	\$752,562,040	\$749,814,320	\$794,964,840	\$793,855,500
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	79,019,014	78,730,504	83,471,308	83,354,828
City Debt Outstanding (2)	19,720,000	17,340,000	3,185,000	14,090,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation (2)	19,720,000	17,340,000	3,185,000	14,090,000
Overall Legal Debt Margin	\$59,299,014	\$61,390,504	\$80,286,308	\$69,264,828
 Debt Margin as a Percentage of Debt Limit				
	75.04%	77.98%	96.18%	83.10%
 Unvoted Debt				
Net Assessed Valuation	\$752,562,040	\$749,814,320	\$794,964,840	\$793,855,500
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	41,390,912	41,239,788	43,723,066	43,662,053
City Debt Outstanding (2)	19,720,000	17,340,000	3,185,000	14,090,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation (2)	19,720,000	17,340,000	3,185,000	14,090,000
Overall Legal Debt Margin	\$21,670,912	\$23,899,788	\$40,538,066	\$29,572,053

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only. Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	2019	2020	2021
Total Debt			
Net Assessed Valuation	\$805,104,510	\$935,440,290	\$942,098,790
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	84,535,974	98,221,230	98,920,373
City Debt Outstanding (2)	13,440,000	15,165,000	14,480,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	13,440,000	15,165,000	14,480,000
Overall Legal Debt Margin	<u>\$71,095,974</u>	<u>\$83,056,230</u>	<u>\$84,440,373</u>
 Debt Margin as a Percentage of Debt Limit	 84.10%	 84.56%	 85.36%
Unvoted Debt			
Net Assessed Valuation	\$805,104,510	\$935,440,290	\$942,098,790
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	44,280,748	51,449,216	51,815,433
City Debt Outstanding (2)	13,440,000	15,165,000	14,480,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	13,440,000	15,165,000	14,480,000
Overall Legal Debt Margin	<u>\$30,840,748</u>	<u>\$36,284,216</u>	<u>\$37,335,433</u>

(continued)

CITY OF HAMILTON, OHIO

*Debt Limitations
Last Ten Years*

Tax Year	2022	2023	2024
Total Debt			
Net Assessed Valuation	\$971,829,910	\$1,252,529,630	\$1,260,441,110
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	102,042,141	131,515,611	132,346,317
City Debt Outstanding (2)	45,400,000	44,785,000	45,645,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	45,400,000	44,785,000	45,645,000
Overall Legal Debt Margin	\$56,642,141	\$86,730,611	\$86,701,317
 Debt Margin as a Percentage of Debt Limit	 55.51%	 65.95%	 65.51%
Unvoted Debt			
Net Assessed Valuation	\$971,829,910	\$1,252,529,630	\$1,260,441,110
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	53,450,645	68,889,130	69,324,261
City Debt Outstanding (2)	45,400,000	44,785,000	45,645,000
Less: Applicable Debt Service Fund Amounts	0	0	0
Net Indebtedness Subject to Limitation (2)	45,400,000	44,785,000	45,645,000
Overall Legal Debt Margin	\$8,050,645	\$24,104,130	\$23,679,261

CITY OF HAMILTON, OHIO

Pledged Revenue Coverage Last Ten Years

	2015	2016	2017	2018
Water System Revenue Bonds				
Gross Revenues (1)	\$12,602,429	\$13,130,285	\$13,483,093	\$14,070,659
Direct Operating Expenses (2)	9,364,217	10,137,417	11,317,676	10,307,917
Net Revenue Available for Debt Service	3,238,212	2,992,868	2,165,417	3,762,742
Annual Debt Service Requirement	2,316,840	2,064,721	2,064,373	1,964,902
Coverage (3)	1.40	1.45	1.05	1.91
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$11,950,092	\$12,470,466	\$12,541,901	\$12,966,268
Direct Operating Expenses (2)	6,816,788	7,155,147	8,054,016	7,950,546
Net Revenue Available for Debt Service	5,133,304	5,315,319	4,487,885	5,015,722
Annual Debt Service Requirement	4,844,370	4,846,320	3,991,788	3,334,502
Coverage (3)	1.06	1.10	1.12	1.50
Gas System Revenue Bonds				
Gross Revenues (1)	\$22,013,427	\$19,117,737	\$18,531,047	\$21,879,539
Direct Operating Expenses (2)	19,446,910	17,472,300	17,472,987	20,149,213
Net Revenue Available for Debt Service	2,566,517	1,645,437	1,058,060	1,730,326
Annual Debt Service Requirement	1,670,375	432,925	184,071	653,671
Coverage (3)	1.54	3.80	5.75	2.65
Electric System Revenue Bonds				
Gross Revenues (1)	\$64,722,757	\$66,451,995	\$71,035,797	\$80,569,387
Direct Operating Expenses (2)	46,586,253	62,051,190	75,464,636	75,820,874
Net Revenue Available for Debt Service	18,136,504	4,400,805	(4,428,839)	4,748,513
Annual Debt Service Requirement	15,301,211	2,470,584	2,482,759	2,549,893
Coverage (3)	1.19	1.78	(1.78)	1.86
Special Assessment Bonds (4)				
Special Assessment Collections	\$417,716	\$342,130	\$345,325	\$234,082
Debt Service				
Principal	150,000	145,000	155,000	165,000
Interest	51,078	43,020	35,153	22,975
Coverage	2.08	1.82	1.82	1.25

(1) Gross revenues include operating revenues plus interest income.

(2) Direct operating expenses include operating expenses less depreciation.

(3) Coverage ratios based on GAAP basis figures. Under the terms of the revenue bond indentures, coverage ratios are calculated using Non-GAAP basis figures.

(4) Retired in 2023.

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2019	2020	2021	2022
Water System Revenue Bonds				
Gross Revenues (1)	\$14,877,288	\$14,583,444	\$14,251,861	\$14,839,991
Direct Operating Expenses (2)	11,962,646	12,196,520	9,077,783	10,852,376
Net Revenue Available for Debt Service	2,914,642	2,386,924	5,174,078	3,987,615
Annual Debt Service Requirement	2,202,199	2,046,015	2,053,313	2,052,688
Coverage (3)	1.32	1.17	2.52	1.94
Wastewater System Revenue Bonds				
Gross Revenues (1)	\$13,698,367	\$13,390,424	\$12,901,120	\$12,736,543
Direct Operating Expenses (2)	8,824,466	9,376,304	6,262,619	7,904,401
Net Revenue Available for Debt Service	4,873,901	4,014,120	6,638,501	4,832,142
Annual Debt Service Requirement	3,853,762	3,448,133	3,453,050	3,446,551
Coverage (3)	1.26	1.16	1.92	1.40
Gas System Revenue Bonds				
Gross Revenues (1)	\$21,304,490	\$17,982,935	\$18,088,032	\$19,168,945
Direct Operating Expenses (2)	18,711,023	16,729,845	15,450,558	17,828,255
Net Revenue Available for Debt Service	2,593,467	1,253,090	2,637,474	1,340,690
Annual Debt Service Requirement	773,133	773,414	773,981	774,135
Coverage (3)	3.35	1.62	3.41	1.73
Electric System Revenue Bonds				
Gross Revenues (1)	\$82,553,789	\$81,042,173	\$85,337,028	\$85,755,058
Direct Operating Expenses (2)	74,502,740	75,849,959	62,587,101	69,989,852
Net Revenue Available for Debt Service	8,051,049	5,192,214	22,749,927	15,765,206
Annual Debt Service Requirement	2,457,340	2,592,672	2,769,300	2,755,300
Coverage (3)	3.28	2.00	8.22	5.72
Special Assessment Bonds (4)				
Special Assessment Collections	\$326,617	\$308,315	\$391,494	\$336,645
Debt Service				
Principal	95,000	100,000	80,000	15,000
Interest	17,750	12,175	6,300	1,575
Coverage	2.90	2.75	4.54	20.31

(continued)

CITY OF HAMILTON, OHIO

*Pledged Revenue Coverage
Last Ten Years*

	2023	2024
Water System Revenue Bonds		
Gross Revenues (1)	\$16,420,165	\$19,239,937
Direct Operating Expenses (2)	13,598,483	14,586,608
Net Revenue Available for Debt Service	2,821,682	4,653,329
Annual Debt Service Requirement	2,044,688	2,044,950
Coverage (3)	1.38	2.28
Wastewater System Revenue Bonds		
Gross Revenues (1)	\$14,392,053	\$15,163,954
Direct Operating Expenses (2)	9,292,187	9,652,512
Net Revenue Available for Debt Service	5,099,866	5,511,442
Annual Debt Service Requirement	3,441,900	3,449,088
Coverage (3)	1.48	1.60
Gas System Revenue Bonds		
Gross Revenues (1)	\$16,445,997	\$17,900,599
Direct Operating Expenses (2)	15,247,669	15,619,416
Net Revenue Available for Debt Service	1,198,328	2,281,183
Annual Debt Service Requirement	778,954	773,248
Coverage (3)	1.54	2.95
Electric System Revenue Bonds		
Gross Revenues (1)	\$90,257,140	\$95,682,489
Direct Operating Expenses (2)	76,649,157	80,255,629
Net Revenue Available for Debt Service	13,607,983	15,426,860
Annual Debt Service Requirement	2,764,150	2,766,400
Coverage (3)	4.92	5.58
Special Assessment Bonds (4)		
Special Assessment Collections	\$339,277	NA
Debt Service		
Principal	15,000	NA
Interest	788	NA
Coverage	21.49	NA

CITY OF HAMILTON, OHIO

Demographic and Economic Statistics Last Ten Years

Calendar Year	2015	2016	2017	2018
Population (1)				
City of Hamilton	62,486	62,359	62,127	62,092
Butler County	374,158	372,538	380,604	382,378
Income (2) (a)				
Total Personal (in thousands)	15,294,831	15,631,343	15,680,621	16,197,532
Per Capita	40,878	41,534	42,620	42,360
Unemployment Rate (3)				
Federal	5.3%	4.9%	4.4%	3.8%
State	4.6%	4.7%	5.0%	4.5%
Butler County	4.2%	4.1%	4.4%	3.7%
Civilian Work Force Estimates (3)				
State	5,703,400	5,673,900	5,849,603	5,416,810
Butler County	186,900	187,900	190,208	153,227

Sources:

- (1) US Bureau of Census of Population
- (2) US Department of Commerce, Bureau of Economic Analysis
 - (a) Per Capita Income is only available for the County. Total Personal Income is presented for the County. US Department of Commerce, Bureau of Economic Analysis information is only available through 2023, for the presentation of 2023 and 2024 statistics, the City is using the latest information available.
- (3) State Department of Labor Statistics

(continued)

CITY OF HAMILTON, OHIO

Demographic and Economic Statistics Last Ten Years

Calendar Year	2019	2020	2021	2022
Population (1)				
City of Hamilton	62,174	62,182	63,399	63,127
Butler County	383,134	384,268	390,357	390,234
Income (2) (a)				
Total Personal (in thousands)	16,229,556	18,217,377	18,371,762	20,525,528
Per Capita	42,360	47,408	47,064	52,598
Unemployment Rate (3)				
Federal	3.5%	6.0%	3.8%	3.5%
State	4.1%	5.6%	4.3%	4.1%
Butler County	3.3%	4.9%	4.7%	3.1%
Civilian Work Force Estimates (3)				
State	5,574,900	5,706,400	5,743,600	5,738,700
Butler County	188,200	192,400	141,966	199,200

(continued)

CITY OF HAMILTON, OHIO

Demographic and Economic Statistics Last Ten Years

Calendar Year	2023	2024
Population (1)		
City of Hamilton	62,937	62,997
Butler County	393,043	399,542
Income (2) (a)		
Total Personal (in thousands)	21,969,925	23,250,148
Per Capita	55,897	58,192
Unemployment Rate (3)		
Federal	3.7%	4.1%
State	3.6%	4.5%
Butler County	3.6%	3.9%
Civilian Work Force Estimates (3)		
State	5,652,300	5,904,600
Butler County	199,100	204,300

CITY OF HAMILTON, OHIO

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2024	
		Number of Employees	Rank
Butler County	Government	1,861	1
Hamilton City School District	Education	1,312	2
Kettering Health (Hamilton)	Health Care	875	3
ThyssenKrupp Bilstein of America (HQ)	Manufacturing	670	4
City of Hamilton	Government	615	5
Community First Solutions (HQ)	Health Care	600	6
Bethesda Butler Hospital (TriHealth)	Health Care	500	7
Miami University - Hamilton	Education	400	8
Valeo Climate Control	Manufacturing	311	9
Vinylmax	Manufacturing	280	10
Total		7,424	
Total Employment within the City (1)		N/A	

Employer	Nature of Business	2015	
		Number of Employees	Rank
Butler County	Government	1,500	1
Fort Hamilton Hospital	Health Care	1,000	2
Hamilton City School District	Education	1,000	3
Community First Solutions (HQ)	Health Care	700	4
ThyssenKrupp Bilstein of America (HQ)	Manufacturing	675	5
City of Hamilton	Government	600	6
Miami University - Hamilton	Education	400	7
STARTEK	Communication Technology	275	8
Bethesda Butler Hospital	Health Care	250	9
Valeo Climate Control	Manufacturing	235	10
Total		6,635	
Total Employment within the City (1)		N/A	

(1) - Total employment within the City is not available.

Source: City Records

CITY OF HAMILTON, OHIO

*Full Time Equivalent Employees by Function
Last Ten Years*

	2015	2016	2017	2018	2019
Governmental Activities					
General Government					
City Administration	16.50	19.00	19.00	19.50	23.00
Engineering	4.00	5.00	5.00	5.00	5.00
Municipal Court	27.00	27.50	28.50	28.00	29.50
Information Technology	5.00	14.00	14.00	14.25	12.25
Finance	29.00	28.50	24.75	22.25	18.00
Security of Persons and Property					
Police	121.25	124.00	136.00	133.00	136.00
Fire	96.25	98.50	107.00	105.00	105.00
Public Health and Welfare Services					
Health	15.50	15.75	14.75	13.00	12.00
Leisure Time Activities					
Parks and Recreation	15.00	14.50	14.50	13.00	11.75
Community Environment					
Planning and Zoning	16.50	16.75	13.75	13.50	8.50
Transportation					
Street	56.25	57.25	53.00	56.00	66.75
Business-Type Activities					
Utilities					
Gas	26.00	27.00	22.75	26.50	27.50
Electric	96.75	103.00	99.00	102.50	100.25
Water	30.25	31.75	36.00	35.00	38.50
Wastewater	26.00	25.75	25.50	24.00	31.00
Utility Customer Service	19.00	18.00	16.00	17.00	16.00
<i>Total Employees</i>	<u>600.25</u>	<u>626.25</u>	<u>629.50</u>	<u>627.50</u>	<u>641.00</u>

Method: 1.00 for each full-time, 0.50 for each part-time and
0.25 for each seasonal employee

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

*Full Time Equivalent Employees by Function
Last Ten Years*

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental Activities					
General Government					
City Administration	23.54	24.54	26.54	25.54	24.92
Engineering	5.00	5.00	5.00	5.00	5.50
Municipal Court	31.00	30.00	29.50	30.50	29.50
Information Technology	10.25	9.25	10.25	11.25	11.00
Finance	15.25	15.25	14.25	14.25	14.33
Security of Persons and Property					
Police	133.33	132.33	134.83	133.83	123.33
Fire	102.83	103.33	107.33	100.33	108.33
Public Health and Welfare Services					
Health	10.30	8.05	6.25	6.20	7.25
Leisure Time Activities					
Parks and Recreation	14.40	14.90	19.50	24.60	20.15
Community Environment					
Planning and Zoning	7.90	8.40	9.40	11.40	10.09
Transportation					
Street	57.20	54.70	59.30	58.55	63.00
Business-Type Activities					
Utilities					
Gas	27.00	26.05	27.75	26.45	26.50
Electric	96.40	91.15	93.85	94.35	92.80
Water	38.98	37.73	39.53	38.93	39.28
Wastewater	29.12	27.82	32.22	30.82	30.02
Utility Customer Service	15.00	17.00	18.00	19.00	20.00
<i>Total Employees</i>	<u>617.50</u>	<u>605.50</u>	<u>633.50</u>	<u>631.00</u>	<u>626.00</u>

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2015	2016	2017	2018
Governmental Activities				
General Government				
Licenses and Permits				
Building Permits Issued - Residential	318	400	349	385
Building Permits Issued - Commercial	325	368	411	346
Security of Persons and Property				
Police				
Misdemeanor Arrests	6,025	5,488	6,462	6,546
Felony Arrests	637	754	892	791
Traffic Citations Issued	4,698	5,058	4,934	4,952
Parking Tickets Written	2,107	2,195	900	1,161
Fire / Emergency Medical Services				
Number of Calls Answered	12,724	12,967	14,482	14,254
Number of Inspections	980	96	478	565
Number of Emergency Medical Calls	10,208	10,337	13,002	12,161
Transportation				
Street				
Street Resurfacing (Center Line miles)	3.56	1.12	3.54	2.83
Parking				
Parking Levels	5.00	5.00	5.00	5.00
Parking Spaces	550	550	550	550
Parking / Meters - On Street and Lots	524	524	445	538
Public Works				
Refuse Collection				
Refuse Collected (tons)	23,190	23,282	23,907	24,278
Recyclables Collected (tons)	2,644	2,660	2,645	2,536
Public Health and Welfare Services				
Health Care				
Number of Patient Beds	296	320	358	257

*Beginning in 2015, athletic field permits are issued by the Hamilton Parks Conservancy.

(continued)

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2019	2020	2021
Governmental Activities			
General Government			
Licenses and Permits			
Building Permits Issued - Residential	479	528	528
Building Permits Issued - Commercial	162	233	302
Security of Persons and Property			
Police			
Misdemeanor Arrests	6,613	5,992	3,692
Felony Arrests	777	982	591
Traffic Citations Issued	4,838	3,450	3,433
Parking Tickets Written	4,310	2,633	3,798
Fire / Emergency Medical Services			
Number of Calls Answered	14,412	13,744	14,468
Number of Inspections	1,220	497	686
Number of Emergency Medical Calls	12,693	11,825	11,260
Transportation			
Street			
Street Resurfacing (Center Line miles)	4.32	4.61	2.19
Parking			
Parking Levels	5.00	5.00	5.00
Parking Spaces	550	550	550
Parking / Meters - On Street and Lots	538	400	486
Public Works			
Refuse Collection			
Refuse Collected (tons)	24,822	27,221	27,706
Recyclables Collected (tons)	2,296	2,587	2,520
Public Health and Welfare Services			
Health Care			
Number of Patient Beds	241	268	182

(continued)

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2022	2023	2024
Governmental Activities			
General Government			
Licenses and Permits			
Building Permits Issued - Residential	515	644	332
Building Permits Issued - Commercial	300	300	202
Security of Persons and Property			
Police			
Misdemeanor Arrests	3,177	3,627	3,481
Felony Arrests	557	691	816
Traffic Citations Issued	3,715	5,837	6,012
Parking Tickets Written	4,042	5,206	5,339
Fire / Emergency Medical Services			
Number of Calls Answered	14,400	13,795	14,274
Number of Inspections	850	1,234	1,134
Number of Emergency Medical Calls	12,000	10,501	10,700
Transportation			
Street			
Street Resurfacing (Center Line miles)	6.30	0.98	7.01
Parking			
Parking Levels	5.00	5.00	5.00
Parking Spaces	550	881	881
Parking / Meters - On Street and Lots	444	680	680
Public Works			
Refuse Collection			
Refuse Collected (tons)	26,499	26,458	26,028
Recyclables Collected (tons)	2,340	2,328	2,344
Public Health and Welfare Services			
Health Care			
Number of Patient Beds	190	182	191

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	2015	2016	2017	2018
Business-Type Activities				
Gas				
Average Daily Consumption (100 cubic feet)	6,794	6,505	6,861	7,549
Peak Daily Consumption (100 cubic feet)	32,152	25,089	26,769	28,170
Electric				
Peak Demand (MW)	143	145	135	132
Energy Requirement (MWh)	614,023	604,727	585,366	610,054
Total System Sales (MWh)	561,624	571,211	552,949	583,686
Total Residential Customers	26,347	26,379	26,783	26,400
Total Commercial Customers	2,908	2,895	2,886	2,887
Water				
New Service Connections	23	30	84	76
Water Main Breaks	83	72	42	73
Average Daily Consumption (thousands of gallons)	14,490	15,222	14,766	11,792
Peak Daily Consumption (thousands of gallons)	18,204	22,215	19,491	22,331
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	8.9	8.5	9.0	10.8

Source: City Records

N/A = Information Not Available

(continued)

CITY OF HAMILTON, OHIO

*Operating Indicators by Function
Last Ten Years*

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Business-Type Activities			
Gas			
Average Daily Consumption (100 cubic feet)	7,349	6,709	7,221
Peak Daily Consumption (100 cubic feet)	32,496	23,495	23,770
Electric			
Peak Demand (MW)	124	132	136
Energy Requirement (MWh)	599,026	573,848	594,261
Total System Sales (MWh)	565,567	547,178	562,007
Total Residential Customers	26,528	26,583	26,654
Total Commercial Customers	2,908	2,908	2,928
Water			
New Service Connections	124	83	77
Water Main Breaks	43	38	76
Average Daily Consumption (thousands of gallons)	16,452	15,560	15,034
Peak Daily Consumption (thousands of gallons)	21,386	24,823	19,477
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	10.4	9.2	7.7

(continued)

CITY OF HAMILTON, OHIO

Operating Indicators by Function Last Ten Years

	2022	2023	2024
Business-Type Activities			
Gas			
Average Daily Consumption (100 cubic feet)	7,393	6,318	6,436
Peak Daily Consumption (100 cubic feet)	32,139	21,501	26,976
Electric			
Peak Demand (MW)	135	134	145
Energy Requirement (MWh)	629,796	656,192	737,706
Total System Sales (MWh)	590,473	614,860	688,318
Total Residential Customers	26,707	26,823	26,964
Total Commercial Customers	2,894	2,912	2,913
Water			
New Service Connections	90	88	90
Water Main Breaks	68	55	54
Average Daily Consumption (thousands of gallons)	15,548	15,562	17,111
Peak Daily Consumption (thousands of gallons)	19,803	23,538	25,971
Wastewater			
Average Daily Sewage Treatment (millions of gallons)	9.7	8.5	8.4

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2015	2016	2017	2018
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	40	49	60	60
Fire / Emergency Medical Services				
Stations	5	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	9,043	9,043	9,050	9,051
Traffic Signals	95	95	92	94
Parking				
Off street Parking Garages	1	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	54	36	44	47
Park Area (acres)	1,308	1,308	1,315	1,261
Playgrounds	24	24	23	26
Ball Fields				
Lighted	9	10	9	9
Unlighted	34	34	34	34
Tennis Courts				
Lighted	2	1	1	1
Unlighted	6	3	5	5
Swimming Pools	1	1	1	1
Splash Pads	3	5	8	8
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

*Capital Asset Statistics by Function
Last Ten Years*

	2019	2020	2021	2022
Governmental Activities				
General Government				
Public Land and Buildings				
Land (Square Miles)	21.68	21.68	21.68	21.68
Security of Persons and Property				
Police				
Stations	1	1	1	1
Patrol Cruisers	60	60	60	60
Fire / Emergency Medical Services				
Stations	5	5	5	5
Transportation				
Street				
Streets (lane miles)	254.21	254.21	254.21	254.21
Street Lights	9,051	9,051	9,603	9,413
Traffic Signals	94	97	97	100
Parking				
Off street Parking Garages	1	1	1	1
Leisure Time Activities				
Parks and Recreation				
Parks	47	46	46	46
Park Area (acres)	1,261	1,261	1,261	1,261
Playgrounds	26	26	26	26
Ball Fields				
Lighted	9	9	9	9
Unlighted	34	34	34	34
Tennis Courts				
Lighted	1	1	1	1
Unlighted	5	6	6	6
Swimming Pools	1	1	1	1
Splash Pads	8	8	8	8
Golf Courses	2	2	2	2
Skateboard Park	1	1	1	1
Community Environment				
Libraries	1	1	1	1
Public Health and Welfare				
Hospitals	2	2	2	2

(continued)

CITY OF HAMILTON, OHIO

Capital Asset Statistics by Function Last Ten Years

	2023	2024
Governmental Activities		
General Government		
Public Land and Buildings		
Land (Square Miles)	21.68	21.68
Security of Persons and Property		
Police		
Stations	1	1
Patrol Cruisers	60	94
Fire / Emergency Medical Services		
Stations	5	5
Transportation		
Street		
Streets (lane miles)	257.00	257.73
Street Lights	9,431	9,448
Traffic Signals	100	100
Parking		
Off street Parking Garages	1	1
Leisure Time Activities		
Parks and Recreation		
Parks	47	40
Park Area (acres)	1,262	1,286
Playgrounds	27	27
Ball Fields		
Lighted	9	9
Unlighted	34	34
Tennis Courts		
Lighted	1	1
Unlighted	6	8
Swimming Pools	1	1
Splash Pads	8	7
Golf Courses	2	2
Skateboard Park	1	1
Community Environment		
Libraries	1	1
Public Health and Welfare		
Hospitals	2	2

(continued)

CITY OF HAMILTON, OHIO

Capital Asset Statistics by Function Last Ten Years

	2015	2016	2017	2018
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	340.1	340.1	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

Source: City Records

(continued)

CITY OF HAMILTON, OHIO

Capital Asset Statistics by Function Last Ten Years

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Business-Type Activities				
Utilities				
Water				
Purification Plants	2	2	2	2
Maximum Capacity (millions of gallons)	46	46	46	46
Waterlines (Miles)	340.1	340.1	340.1	340.1
Wastewater				
Treatment Plants	1	1	1	1
Maximum Capacity (millions of gallons)	32	32	32	32
Sanitary Sewerlines (Miles)	253.0	253.0	253.0	253.0
Storm Drains (Miles)	188.2	188.2	188.2	188.2

(continued)

CITY OF HAMILTON, OHIO

Capital Asset Statistics by Function Last Ten Years

	2023	2024
Business-Type Activities		
Utilities		
Water		
Purification Plants	1	2
Maximum Capacity (millions of gallons)	40	46
Waterlines (Miles)	350.0	353.0
Wastewater		
Treatment Plants	2	2
Maximum Capacity (millions of gallons)	32	32
Sanitary Sewerlines (Miles)	253.0	253.0
Storm Drains (Miles)	188.2	188.2





CLARK SCHAEFER HACKETT
BUSINESS ADVISORS



CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Electric System, an enterprise fund of the City of Hamilton, Ohio (the Electric System), as of and for the year ended December 31, 2024 and the related notes to the 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 financial position of the Electric System as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Electric System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Electric System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Electric System'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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Electric System'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 Electric System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2025

City of Hamilton, Ohio

Electric System

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

The discussion and analysis of the City of Hamilton, Ohio's Electric System's financial performance provide an overall review of that system's financial activities for the year ended December 31, 2024. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2024 is as follows:

- ❑ The assets and deferred outflow of resources of the Hamilton Electric System exceeded its liabilities and deferred inflows of resources at the close of 2024 by \$144,897,652 (net position). Of this amount, \$56,480,056 (unrestricted net position) is available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position increased by \$7,153,603 between 2024 and 2023, representing a 5.2% increase.
- ❑ In 2024, the Electric System's long-term debt decreased by \$1,425,000, with an outstanding balance remaining of \$32,950,000.

Electric System Summary

The City of Hamilton, Ohio has owned and operated an electric utility system since 1893. Currently, the system is the second largest municipally owned electric system in Ohio. The electric system is a fully integrated electric generation, transmission and distribution system. The system owns both thermal and hydroelectric generation facilities and maintains a diverse customer base, with approximately 29,900 customers. Customer rates are established by the City and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any other regulatory body.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Electric System for the year ended December 31, 2024.

Reporting Hamilton's Electric System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Electric System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Electric System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2024. The City of Hamilton's Electric System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Electric Fund are restricted to Electric System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

City of Hamilton, Ohio

Electric System

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

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the System looks at all financial transactions of the Electric Fund and asks the question, "How did we do financially during 2024?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Electric System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Electric System charges fees to recoup the cost of the entire operation of the Electric System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. Table 1 provides a summary of the Electric System's Statement of Net Position for the Years Ended December 31, 2024 and 2023.

	2024	2023
Current and other assets	\$ 82,062,770	\$ 72,306,510
Capital assets	118,802,368	121,842,316
Total assets	<u>200,865,138</u>	<u>194,148,826</u>
Deferred outflows of resources	5,239,346	7,891,610
Long-term liabilities:		
Net pension liability	14,435,792	16,078,320
OPEB liabilities	145,633	503,518
Other long-term amounts	35,180,583	36,237,162
Other liabilities	10,751,332	10,036,803
Total liabilities	<u>60,513,340</u>	<u>62,855,803</u>
Deferred inflows of resources	693,492	759,621
Net investment in capital assets	83,211,076	87,286,232
Restricted	5,206,520	4,717,954
Unrestricted	56,480,056	46,420,826
Total net position	<u>\$ 144,897,652</u>	<u>\$ 138,425,012</u>

City of Hamilton, Ohio

Electric System

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

The net pension liability (NPL) is reported by the Electric System 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) are reported by the Electric System 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 Electric System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the total OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Electric System's financial statements as a result of the Electric System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Electric System's financial statements reflects OPEB benefits provided by the Electric System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 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 Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Electric System's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Electric System 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

City of Hamilton, Ohio

Electric System

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

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/(asset) are satisfied, the liability and asset are separately identified within the long-term sections of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Electric System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

The System's asset values consists of the physical property, plant and equipment of the system having a historical cost less accumulated depreciation of \$118,802,368 at December 31, 2024. The System employs these assets in the generation, transmission, and distribution of electricity to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt in the Net Position section of the Statement of Net Position and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities.

As of December 31, 2024, the Electric System was able to report a positive balance in net position of \$144,897,652. In 2024, the Electric System reported operating income of \$5,691,386. Operating revenue growth was driven primarily by increased consumption, particularly in industrial usage. The increase in operating expense was due to an increase in various contractual costs, most notably tree trimming expense. Net non-operating revenue of 1,282,217 in 2024 was higher than 2023 by \$124,116, due lower losses on disposal of capital assets.

City of Hamilton, Ohio

Electric System

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

Statement of Revenues, Expenses and Changes in Net Position

	2024	2023
Operating revenues	\$ 93,143,631	\$ 87,636,270
Operating expenses:		
Purchased power and fuel	52,083,653	52,501,719
Depreciation	7,196,616	7,058,863
Other operating expenses	28,171,976	24,147,438
Total operating expenses	<u>87,452,245</u>	<u>83,708,020</u>
Operating income (loss)	5,691,386	3,928,250
Non-Operating revenues (expenses)		
Interest and fiscal charges	(1,177,392)	(1,246,036)
Loss on disposal of capital assets	(79,249)	(216,733)
Investment earnings	2,538,858	2,620,870
Total non-operating revenues	<u>1,282,217</u>	<u>1,158,101</u>
Transfers	<u>180,000</u>	<u>-</u>
Change in net position	7,153,603	5,086,351
Net Position as Previously Reported	138,425,012	-
Change in Accounting Principle (GASB Statement 101)	<u>(680,963)</u>	<u>-</u>
Net Position Beginning of Year as Restated	137,744,049	133,338,661
Net Position End of Year	<u><u>\$ 144,897,652</u></u>	<u><u>\$ 138,425,012</u></u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Electric System as of December 31, 2024 amounted to \$83.2 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment including the City's hydro-electric and thermal generation facilities. The plant and equipment of the Electric System are rigorously tested, and maintenance schedules are adhered to in a strenuous fashion to insure safe, long-term, efficient operation.

Note 5 (Capital Assets) provides Electric System asset activity during 2024.

City of Hamilton, Ohio

Electric System

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

Debt Administration: At the end of 2024, the Electric System had three outstanding long-term revenue bond issues totaling \$32,950,000, with \$1,490,000 due within one year.

See Note 6 for a discussion of outstanding Electric System bonds, notes and related activity.

Economic Factors and Future Trends

The City's 2024 rate base consisted of approximately 26,965 residential customers and 2,930 commercial and industrial customers. The residential customers account for 48% of the revenue, the commercial and industrial customers account for the remaining 52%. No single customer of the Electric System accounted for more than 9% of total revenues and the ten largest customers, in the aggregate, accounted for approximately 18% of the Electric System's revenues in 2024. The Electric System customer base is comprised of approximately 90% residential and 10% commercial and industrial customers.

The City has a rate ordinance, which sets forth rates and charges for Residential, Commercial Non-Demand, Commercial Demand, Large Power and Industrial Service. All rates include:

- A power cost adjustment (PCA) charge (Rider A) that allows for increases or decreases in the fuel and purchased power costs to be passed directly through to the Electric System's customers in comparison with the level of power costs embedded in the base rates. Rider A was assessed at an average rate of \$(0.00302)/kWh in 2024.
- An electric rate stabilization adjustment rider (Rider B) that allows for a percentage adder to be applied to all charges under each rate schedule to replenish revenues previously withdrawn from the Electric Rate Stabilization Fund. Rider B was not assessed for 2024.
- A suburban surcharge (Rider C) of 5% for all Electric System customers outside the corporate limits of the City.
- An unfunded environmental mandates adjustment rider (UEMA – Rider D) that allows for expenses associated with the Electric System's compliance with environmental mandates, not included in the base rates or PCA. Rider D was not assessed for 2024.
- An unfunded governmental and regulatory, excluding environmental (Rider D), mandates adjustment rider (UGRMA – Rider E) that allows for expenses associated with the Electric System's compliance with governmental and regulatory mandates not included in the base rates, PCA or Rider D. Rider E was not assessed for 2024.
- The Economic Development Cost Adjustment (Rider F) for Electric was not assessed in 2024.

The annual budget of the City Electric System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated annually, or more often as deemed necessary by City Management.

City of Hamilton, Ohio

Electric System

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

The Electric System serves the electricity needs of its customers with energy from a diversified mix of resources. This mix consists of steam, hydroelectric, combustion turbine generating facilities and the wholesale energy market. The City has purchase power contracts with American Municipal Power Inc. (AMP) for several generating resources including the New York Power Authority ("NYPA"), Prairie State Energy Campus ("Prairie State"), Ohio Municipal Electric Generating Agency Joint Venture 2 ("OMEGA JV-2"), Meldahl and the wholesale energy market.

Prairie State is a 2-unit, 1,600 MW coal-fired generating project that is located in Central Illinois. Prairie State began commercial operation in 2012. The City and AMP executed a 50-year purchase power agreement under which the City purchases 17.5 MW from each unit, resulting in a total City contractual entitlement of 35 MW of capacity. Prairie State provided approximately 268,261 MWh of the City's energy supply in 2024. AMP owns an interest in the Prairie State Energy Campus equivalent to 368 MW of capacity.

On March 1, 2009, the City entered into the AMP/Hamilton Meldahl-Greenup Agreements pursuant to which the City has retained approximately 55.928 MW of the 108.81 MW Meldahl project. Additionally, the City sold approximately 34.1 MW of the 70.2 MW Greenup Project to AMP for a sale price of \$139 million, which was paid by AMP to the City shortly after the commencement of operations of the Meldahl Project in 2016. Proceeds from the sale were used to retire outstanding debt or deposited into a reserve to fund necessary capital improvements to the Electric System. Pursuant to the agreement, the City's share of the combined Meldahl/Greenup annual power generation in 2024 was approximately 361,601 MWh, thereby diversifying the City's power resources and moving further away from the production of power via fossil fuels.

The City purchases approximately 3.8 MW on-peak and 1.9 MW off-peak of project capability and associated energy from the New York Power Authority's Niagara and St. Lawrence Hydroelectric Projects, marketed by NYPA and supplied through AMP. NYPA supplied approximately 24,011 MWh of the City's energy supply in 2024. The NYPA entitlement is transmitted to the Electric System through New York, Pennsylvania, and the Pennsylvania-New Jersey-Maryland Interconnection, LLC systems and the Duke interconnection.

In November 2000, the City became a participant in OMEGA JV-2. OMEGA JV-2 owns and operates approximately 138 MW of distributive generation capacity consisting of 38 units located in 13 Ohio communities. One of the OMEGA JV-2 units, a 32 MW (gross) combustion turbine, is located within the City limits, but not at the Thermal Power Plant, and is interconnected with the Electric System. The OMEGA JV-2 generating unit that is located in Hamilton is remotely operated by AMP, under the OMEGA JV-2 arrangement. The City is entitled by contract to approximately 32 MW (gross) of capacity and associated energy from OMEGA JV-2. JV-2 supplied approximately 2,532 MWh of the City's energy supply in 2024. The capacity charge includes the City's portion of the cost of funding the purchase of the OMEGA JV-2.

Gas Turbine-Generator 2, or GT-2, is a natural gas-fired combustion turbine. Gas Turbine-Generator 2 is used for peaking. Gas Turbine No. 2 was manufactured by Westinghouse.

City of Hamilton, Ohio

Electric System

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

The City is the licensee of the Small Hydro Plant, a run-of-the-river hydroelectric generation facility located on a three-mile long diversion canal off the Great Miami River. Water is diverted into the canal by means of ungated dams. The Small Hydro Plant is located in the City approximately one-quarter mile from the Thermal Power Plant. The Small Hydro Plant capacity rating is 1,700 kW and supplied approximately 7,802 MWh of the City's energy supply in 2024. The diversion canal is the source of cooling water for the thermal generation facilities.

In 2012, the Electric System joined the PJM RTO (Regional Transmission Organization). This transition meant that the Electric System would receive its power from the "grid" through PJM as opposed to through the MISO (Midwest Independent System Operators) RTO, its pre-2012 Regional Transmission Organization. This transition resulted from the decision of Duke Energy Ohio and Duke Energy Kentucky switch from MISO to PJM. Since the City of Hamilton is essentially surrounded by the territory of Duke Energy Ohio and receives its outside power through the Duke Energy Interconnect, the decision to switch to PJM made operational and economic sense. Additionally, most of Ohio is already located in PJM.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Electric System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS

Current assets:

Cash and investments	\$ 62,599,527
Accounts receivable (less allowance for uncollectible accounts of \$2,054,295)	10,723,096
Interest receivable	416,874
Leases receivable	45,318
Inventory of supplies at cost	2,209,730
Prepaid expenses	815,009
Total current assets	<u>76,809,554</u>

Restricted cash and investments	<u>4,691,833</u>
Total restricted assets	<u>4,691,833</u>

Noncurrent assets:

Leases receivable	46,696
Net OPEB asset	514,687
Nondepreciable capital assets	23,766,348
Depreciable capital assets, net	<u>95,036,020</u>
Total noncurrent assets	<u>119,363,751</u>

Total assets	<u>200,865,138</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on debt refunding	255,867
Pension	4,526,224
OPEB	<u>457,255</u>
Total deferred outflows of resources	<u>5,239,346</u>

LIABILITIES

Current liabilities:

Accounts payable	5,076,997
Accrued wages and benefits	580,797
Accrued liabilities	1,513
Intergovernmental payable	126,077
Accrued interest payable	324,594
Customer deposits payable	2,157,835
Compensated absences payable-current	982,317
Revenue bonds payable-current portion	1,490,000
Total OPEB liability-current	<u>11,202</u>
Total current liabilities	<u>10,751,332</u>

Noncurrent Liabilities:

Compensated absences payable	1,257,564
Revenue bonds payable	33,923,019
Net pension liability	14,435,792
Total OPEB liability	<u>145,633</u>
Total noncurrent liabilities	<u>49,762,008</u>

Total liabilities	<u>60,513,340</u>
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DEFERRED INFLOWS OF RESOURCES

Leases	89,338
Pension	220,384
OPEB	<u>383,770</u>
Total deferred inflows of resources	<u>693,492</u>

NET POSITION

Net investment in capital assets	83,211,076
Restricted for OPEB	514,687
Restricted for debt service	691,833
Restricted for rate stabilization	4,000,000
Unrestricted	<u>56,480,056</u>
Total net position	\$ <u>144,897,652</u>

CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

Operating revenues:

Charges for services	\$ 92,413,267
Other operating revenues	<u>730,364</u>
Total operating revenues	<u>93,143,631</u>

Operating expenses:

Personal services	12,116,031
Materials and supplies	1,486,623
Contractual services	9,992,430
Purchased power and fuel	52,083,653
Depreciation	7,196,616
Other operating expenses	<u>4,576,892</u>
Total operating expenses	<u>87,452,245</u>

Operating income 5,691,386

Non-operating revenues (expenses):

Investment earnings	2,538,858
Loss on disposal of capital assets	(79,249)
Interest and fiscal charges	<u>(1,177,392)</u>
Total non-operating revenues (expenses)	<u>1,282,217</u>

Income before transfers 6,973,603

Transfers in 180,000

Change in net position 7,153,603

Net Position as Previously Reported 138,425,012

Change in Accounting Principle (GASB Statement 101) (680,963)

Net Position Beginning of Year as Restated 137,744,049

Net Position End of Year \$ 144,897,652

See notes to financial statements.

CITY OF HAMILTON, OHIO - ELECTRIC SYSTEM
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities:

Cash received from customers	\$ 94,510,864
Cash paid for employee services and benefits	(14,059,736)
Cash paid to suppliers for goods and services	<u>(67,096,374)</u>
Net cash from operating activities	<u>13,354,754</u>

Cash flows from noncapital financing activities:

Kilowatt hour taxes received	2,317,979
Kilowatt hour taxes paid to State	(2,317,979)
Transfers in from other funds	<u>180,000</u>
Net cash from noncapital financing activities	<u>180,000</u>

Cash flows from capital and related financing activities:

Payments for capital acquisition	(3,960,150)
Revenue bond principal retirement	(1,425,000)
Debt interest payments	<u>(1,342,225)</u>
Net cash from capital and related financing activities	<u>(6,727,375)</u>

Cash flows from investing activities:

Interest from investments and change in fair value of investments	<u>2,404,751</u>
Net change in cash and investments	9,212,130
Cash and investments at beginning of year	<u>58,079,230</u>
Cash and investments at end of year	\$ <u><u>67,291,360</u></u>

Reconciliation of operating income to net cash
from operating activities

Operating income	\$ 5,691,386
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	7,196,616
Change in deferred outflows-pension and OPEB	2,642,029
Change in deferred inflows-pension, OPEB, and leases	(66,129)
Change in Assets and Liabilities:	
(Increase) decrease in receivables	23,223
(Increase) decrease in inventory	(85,202)
(Increase) decrease in prepaid items	122,663
(Increase) decrease in leases receivable	43,980
Increase (decrease) in customer deposits payable	(9,612)
Increase (decrease) in payables	68,401
Increase (decrease) in accrued liabilities	286,087
Increase (decrease) in intergovernmental payables	(54,790)
(Increase) decrease in net OPEB asset	(514,687)
Increase (decrease) in net pension liability	(1,642,528)
Increase (decrease) in net OPEB liability	(352,559)
Increase (decrease) in total OPEB liability	<u>5,876</u>
Net cash from operating activities	\$ <u><u>13,354,754</u></u>

Schedule of noncash activities:

Outstanding liabilities for purchase of certain capital assets	\$ <u>434,140</u>
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See notes to financial statements.

CITY OF HAMILTON, OHIO – ELECTRIC SYSTEM

Notes to Financial Statements Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Electric System (Electric System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Electric System is controlled by and is dependent on the City’s executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Electric System’s principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Electric System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Electric System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Electric System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Electric System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Discounts and Premiums – Unamortized bond discounts and premiums are amortized on the interest method over the term of the related bonds. Amortization of bond discounts for 2024 was \$5,046 and amortization of premiums during 2024 was \$161,906.

Compensated Absences - Employees of the Electric System earn vacation leave at various rates within limits specified under collective bargaining agreements or under ordinance. Vacation earned in a calendar year must be used during that year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the City Manager. At termination or retirement, employees are paid at their then full rate for 100% of their unused vacation leave. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or City ordinance. Employees hired before 1990 are paid 75% of the accumulated sick time upon retirement or death up to a maximum of 1,200 hours for employees whose normal work schedule is 40 hours per week, and up to 1,680 hours for those working a 51 hour week. Those individuals that commenced employment on or after January 1, 1990, will be paid 50%, and those individuals that commenced employment on or after January 1, 1994 will be paid 25% of the accumulated sick leave upon death or retirement. Compensation for sick leave is paid at the employee's then full rate of pay at the time of termination or retirement.

GASB Statement No. 101, "*Compensated Absences*", requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability. Accrued vacation and sick leave are accumulated to Electric System employees at varying amounts and are attributable to services already rendered. At the time of the employee's termination, such accruals are paid to the employee at varying rates from the fund to which the employee's payroll is charged.

Pension/OPEB – The provision for pension/other postemployment benefits (OPEB) cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension and OPEB assets/liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Electric System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources for deferred pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Electric System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8) and leases.

Leases Receivable – Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Deferred inflows of resources related to lease receivables are recorded initially as equal to the amount of the initial measurement of the lease receivable and subsequently recognized as revenue in a systematic and rational manner over the term of the lease.

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Electric System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Electric System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Electric System totaled \$66,599,527 at December 31, 2024, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$691,833 at December 31, 2024.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2024, approximately 85% of the City’s deposits with financial institutions, including the amount of pooled deposits related to the Electric System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Electric System’s uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Electric Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

The City’s pooled investments, as well as the investments held by trustees specifically for the Electric System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 0.85 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2024 consist of the following:

Earned and unbilled consumer accounts	\$	5,827,321
Earned and billed consumer accounts		6,265,765
Other		684,305
Less allowance for uncollectible accounts		<u>(2,054,295)</u>
Total	\$	<u>10,723,096</u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$4,691,833 at December 31, 2024.

5. CAPITAL ASSETS

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

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
<i>Nondepreciable capital assets:</i>				
Land	\$ 4,769,804	\$ -	\$ -	\$ 4,769,804
Construction in progress	21,148,328	1,460,525	(3,612,309)	18,996,544
Subtotal	25,918,132	1,460,525	(3,612,309)	23,766,348
<i>Capital assets being depreciated:</i>				
Intangibles	1,070,786	-	-	1,070,786
Buildings and improvements	26,525,381	-	-	26,525,381
Machinery and equipment	430,272,981	6,387,701	(568,469)	436,092,213
Subtotal	457,869,148	6,387,701	(568,469)	463,688,380
Totals at historical cost	483,787,280	7,848,226	(4,180,778)	487,454,728
Less accumulated depreciation:				
Intangibles	342,656	21,416	-	364,072
Buildings and improvements	11,915,365	457,084	-	12,372,449
Machinery and equipment	349,686,943	6,718,116	(489,220)	355,915,839
Total accumulated depreciation	361,944,964	7,196,616	(489,220)	368,652,360
Capital assets, net	<u>\$ 121,842,316</u>	<u>\$ 651,610</u>	<u>\$ (3,691,558)</u>	<u>\$ 118,802,368</u>

6. LONG-TERM DEBT

In April 2018, the Electric System currently refunded the 2017 Notes through the issuance of \$12,980,000 of Series 2018 Electric System Refunding Revenue Bonds. These bonds fully mature in 2030 and bear interest from 3.0 to 5.0 percent per annum.

In December 2019, the Electric System defeased \$14,520,000 of the Series 2009B Build America Bonds through the issuance of \$11,285,000 of Series 2019 Electric System Mortgage Revenue Refunding Bonds, and additional cash on hand. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in December 2019, the Electric System issued \$15,600,000 of Series 2019 Electric System Mortgage Revenue Bonds to construct a new substation and other necessary improvements. These bonds mature in 2049 and bear interest between 3.0 to 4.0 percent per annum.

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

	<i>Restated</i> Balance 1/1/24	Additions	Reductions	Balance 12/31/24	Due Within One Year
Series 2018 Revenue Bonds	\$ 8,745,000	\$ -	\$ (1,085,000)	\$ 7,660,000	\$ 1,135,000
Series 2019 Revenue Refunding Bonds	11,115,000	-	(25,000)	11,090,000	25,000
Series 2019 Revenue Bonds	14,515,000	-	(315,000)	14,200,000	330,000
Less deferred amount:					
for issuance discounts	(131,210)	-	5,046	(126,164)	-
for issuance premiums	2,751,089	-	(161,906)	2,589,183	-
Compensated absences*	2,147,863	92,018	-	2,239,881	982,317
	<u>\$ 39,142,742</u>	<u>\$ 92,018</u>	<u>\$ (1,581,860)</u>	<u>\$ 37,652,900</u>	<u>\$ 2,472,317</u>

* The change in compensated absences above is a net change for the year.

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

The Electric System revenue bonds are payable from the net revenue derived from operations of the electric utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2030, 2039, and 2049. In 2024 the Electric System reported \$15,426,860 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,766,400.

A summary of the Electric System's annual debt service requirements as of December 31, 2024 follows:

	Principal	Interest	Total
2025	\$ 1,490,000	\$ 1,270,150	\$ 2,760,150
2026	1,565,000	1,195,650	2,760,650
2027	1,650,000	1,117,400	2,767,400
2028	1,735,000	1,034,900	2,769,900
2029	1,795,000	974,550	2,769,550
2030-2034	8,135,000	3,913,100	12,048,100
2035-2039	9,340,000	2,235,600	11,575,600
2040-2044	3,350,000	891,000	4,241,000
2045-2049	3,890,000	356,850	4,246,850
Total	<u>\$ 32,950,000</u>	<u>\$ 12,989,200</u>	<u>\$ 45,939,200</u>

7. **DEFINED BENEFIT PENSION PLANS**

The Electric System contributes to the Ohio Public Employees Retirement System.

A. Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

Plan Description. Electric System employees 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.

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

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

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

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.

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. 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%.

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% 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 lumpsum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2024:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Electric System's contractually required contributions were \$1,376,524 for 2024. Of this amount, \$67,031 was reported as an intergovernmental payable in 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions .The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Electric System's proportion of the net pension liability was based on the Electric System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	\$	14,435,792
Proportion of the Net Pension Liability		0.0551397%
Change in Proportion		0.0007108%
Pension Expense	\$	3,488,261

At December 31, 2024, the Electric System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$	2,913,759
Differences between expected and actual experience		235,941
Electric System contributions subsequent to the measurement date		<u>1,376,524</u>
Total Deferred Outflows of Resources	\$	<u><u>4,526,224</u></u>

Deferred Inflows of Resources

Electric System change in proportionate share	\$	<u><u>220,384</u></u>
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\$1,376,524 reported as deferred outflows of resources related to pension resulting from the Electric System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:		
	2025	\$ 236,974
	2026	560,940
	2027	800,001
	2028	<u>1,331,401</u>
Total		<u><u>\$ 2,929,316</u></u>

Actuarial Assumptions. 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.

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.

	<u>December 31, 2023</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75% including wage inflation Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2024, then 2.05% simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2022</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75% including wage inflation Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2023, then 2.05% simple
Investment Rate of Return	6.9%
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 Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% 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%	2.85%
Domestic Equities	21%	4.27%
Real Estate	13%	4.46%
Private Equity	15%	7.52%
International Equities	20%	5.16%
Risk Parity	2%	4.38%
Other Investments	5%	3.46%
	<u>100%</u>	

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Electric System's proportionate share of the net pension liability	\$ 22,726,171	\$ 14,435,792	\$ 7,541,020

8. DEFINED BENEFIT OPEB PLANS

The Electric System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate 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 credit with at least 20 years of qualified health care service credit;

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

Group C 32 years of total service 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; or

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 65 if they have at least 20 years of qualifying service.

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code provides the statutory authority requiring 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 health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by 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 2.0% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0%. 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 Electric System's contractually required contributions was \$0 for 2024.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB asset liability 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. The Electric System's proportion of the net OPEB asset was based on the Electric System'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:

Proportionate Share of the Net OPEB Asset	\$	514,687
Proportion of the Net OPEB Asset		0.0570275%
Change in Proportion		0.0011119%
OPEB Expense	\$	(70,008)

At December 31, 2024, the Electric System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on OPEB plan investments	\$	309,100
Changes in assumptions		<u>132,509</u>
Total Deferred Outflows of Resources	\$	<u><u>441,609</u></u>

Deferred Inflows of Resources

Changes in assumptions	\$	221,249
Differences between expected and actual experience		<u>73,255</u>
Total Deferred Inflows of Resources	\$	<u><u>294,504</u></u>

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:

2025	\$	(13,060)
2025		23,929
2026		240,609
2027		<u>(104,373)</u>
Total	\$	<u><u>147,105</u></u>

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

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

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

Wage Inflation	2.75%
Projected Salary Increases, including inflation	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	6.00%
Municipal Bond Rate	
Current measurement period	3.77%
Prior measurement period	4.05%
Health Care Cost Trend Rate:	
Current measurement period	5.5%, initial
	3.5%, ultimate in 2038
Prior measurement period	5.5%, initial
	3.5%, 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 14.0% for 2023.

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

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

Discount Rate. A single discount rate of 5.70% was used to measure the 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 reflect (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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77% (Fidelity Index's "20-Year Municipal GO AA Index").

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 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Electric System's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate. The following table presents the Electric System's proportionate share of the net OPEB asset calculated using the single discount rate of 5.70%, as well as what the Electric System's proportionate share of the net OPEB liability if it were calculated using a discount rate that is 1.0 percentage point lower (4.70%) or 1.0 percentage point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Electric System's proportionate share of the net OPEB asset (liability)	\$ (282,707)	\$ 514,687	\$ 1,174,718

Sensitivity of the Electric System'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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Electric System's proportionate share of the net OPEB asset	\$ 535,776	\$ 514,687	\$ 490,178

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Electric System's contractually required contributions were \$10,699 in 2024.

At December 31, 2024, the number of plan-wide active participants and retirees were 619 and 652, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2024. Following is information related to the changes in total OPEB liability:

Total OPEB Liability, beginning of year	\$ 150,959
Service cost	1,739
Interest	5,535
Difference between expected and actual experience	14,485
Changes in assumptions	(5,184)
Benefit payments	<u>(10,699)</u>
Total OPEB Liability, end of year	<u>\$ 156,835</u>
Retiree Life Insurance Plan OPEB expense	(\$29,686)

At December 31, 2024, the Electric System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

Deferred Outflows of Resources	
Changes in assumptions	\$ 2,538
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Outflows of Resources	<u>\$ 15,646</u>
Deferred Inflows of Resources	
Changes in assumptions	\$ 76,158
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Inflows of Resources	<u>\$ 89,266</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:		
2025	\$	(31,814)
2026		(26,724)
2027		(16,296)
2028		<u>1,214</u>
Total	\$	<u>(73,620)</u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:	
Current measurement date	4.10%
Prior measurement date	3.80%
Actuarial Cost Method	Entry Age Normal
Mortality Rates:	
Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 4.10% was used to measure the total OPEB liability on the measurement date of December 31, 2024. A single discount rate of 3.80% was used to measure the total OPEB liability on the measurement date of December 31, 2023. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Electric System's Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.10%) and one-percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 174,649	\$ 156,835	\$ 141,950

9. RELATED PARTY TRANSACTIONS

Under an arrangement with the City, the Electric System provides street lighting and traffic light services to the City, without charge and the estimated operating cost of supplying these free services was \$295,000 in 2024. The City's Gas System provides gas to the Electric System for use in the generation of electricity. Gas costs of \$101,390 in 2024 paid to the Gas System are included in operating expenses. The Electric System sells electricity to the City's Water and Wastewater Systems. Included in revenues are sales to the Water System and Wastewater System in 2024 of \$1,849,929 (\$1,242,395 and \$607,534). The Electric System is allocated from the City a portion of the City's administrative cost. In addition, it was charged expenses by the City's internal service funds, which provide services to various City departments. Total expenses for these items as approximately \$5,191,000 in 2024 and is included in operating expenses.

10. CONTINGENT LIABILITIES

Litigation. Various claims and lawsuits are pending against the City involving the Electric System. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the financial position of the Electric System.

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

The Electric System licenses with the Federal Energy Regulatory Commission for the operation of the Greenup Hydroelectric Plant on the Ohio River and the City of Hamilton Hydroelectric Plant on the Great Miami River state that, upon retirement of the facility, the Commission may require the City to remove any or all structures, equipment, and power lines within the project boundary and take any such other action necessary to restore the project waters, lands, and facilities remaining. At this time, the Electric System has no plans of retiring these plants and therefore is unable to know what the Commission's requirements would be. Due to the lack of specific license requirements for the retiring of the hydroelectric plants, the Electric System has determined the amount of any asset retirement obligation liability cannot be reasonably estimated.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Electric System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. JOINT VENTURES/JOINTLY GOVERNED ORGANIZATIONS

The City of Hamilton is a member of a number of Governmental Joint Ventures and Jointly Governed Organizations as described in GASB Statement No. 61, *The Financial Reporting Entity*. The following is a list of organizations and a brief description of the Joint Venture and the Jointly Governed Organizations pertaining specifically to the Electric System of the City.

(a) AMP, Inc. – The City is a founding member of American Municipal Power, Inc. (AMP). AMP is a non-profit corporation organized under Ohio law and Internal Revenue Code Section 501 and is a jointly governed organization. The organization operates on a non-profit basis for the mutual benefit of its member municipalities, all of whom own or operate a municipal electric system. The non-profit corporation is dedicated to providing member assistance and low-cost power supplies.

The controlling board of AMP, Inc. is based upon a representative from several of the member communities. The degree of control exercised by any participating government is limited to its representation on the board. The continued existence of the corporation is not dependent upon the City. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43229.

(b) American Municipal Power (AMP) – OMEGA JV2 Project – In December 2000, the City became a part of the OMEGA (Ohio Municipal Energy Generation Association) JV2 Project. The OMEGA JV2 project is a joint venture among the City of Hamilton and 35 other participating municipalities created under the auspices of the Ohio Constitution section XVIII, Sections 3 and 4 and Ohio Revised Code Section 715.02. All of the participating communities are members of AMP, Inc. and the joint venture has appointed that non-profit corporation to perform certain management functions.

The purpose of the joint venture is to create distributive generation among the participating members allowing for increased electric production capacity during peak demand. The degree of control exercised by any participating member is weighted in proportion to each participant's project share, which is 23.87 percent for the City (a non-majority voting position). Project share is equal to the amount of the distributive generation capacity for each of the members. Membership in the joint venture is defined as financing or non-financing participant, as well as owner or purchasing participant, for which the City qualified as a financing, purchasing participant. As a financing participant, the City makes payments to OMEGA JV2.

The continued existence of OMEGA JV2 is dependent upon the City's continued participation but the City, as a financing purchasing participant, does not have an equity interest in OMEGA JV2. Complete financial statements may be obtained from AMP, Inc., 1111 Schrock Road, Columbus, Ohio 43219.

(c) Meldahl Hydroelectric Project – AMP constructed a three-unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the "Meldahl Project"). Now that the Meldahl Project has entered commercial operation, it has a generating capacity of approximately 105 MW. The City of Hamilton and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license to operate the Meldahl Project.

The City of Hamilton has executed a take-or-pay power sales contract with AMP for a Project Share of 54 MW, or 51.4 percent, of capacity and associated energy from the Meldahl Project.

Pursuant to the various agreements between the City of Hamilton and AMP, the Meldahl Project is owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company (“Meldahl LLC”). AMP is the sole member of Meldahl, LLC and appoints three members of its Board of Directors (the Meldahl Board). AMP acting as agent of Meldahl LLC, has financed the development, acquisition, construction and equipping of the Meldahl Project. In order to finance the construction of the Meldahl Project and related costs, in 2010 and 2011 AMP issued six series of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The Meldahl Bonds are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members. The Meldahl Project entered commercial operation on April 12, 2016.

13. CONTRACTUAL COMMITMENTS

At December 31, 2024, the Electric System had contractual commitments of approximately \$1,919,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Electric System operations.

14. CLOSURE OF THE ELECTRIC SYSTEM TO COMPETITION

In March 2002, the Hamilton City Council adopted an ordinance effectively closing the municipal borders of the City to electric deregulation. With the adoption of the ordinance, electric customers within these corporate boundaries must purchase their electricity from the Hamilton Electric System.

15. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

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

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

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

The implementation of GASB Statement 101 had the following effect on net position as reported December 31, 2023:

Net Position, December 31, 2023 as Reported	\$ 138,425,012
Adjustments:	
Change in Compensated Absences	<u>(680,963)</u>
Restated Net Position, December 31, 2023	\$ <u>137,744,049</u>

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Electric System's Proportion of the Net Pension Liability	Electric System's Proportionate Share of the Net Pension Liability	Electric System's Covered Payroll	Electric System'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
2015	0.0568681%	\$ 6,858,924	\$ 6,999,658	97.99%	86.45%
2016	0.0516665%	8,949,281	6,614,758	135.29%	81.08%
2017	0.0533571%	12,116,488	6,743,650	179.67%	77.25%
2018	0.0561443%	8,807,947	7,559,592	116.51%	84.66%
2019	0.0594718%	16,288,107	7,568,371	215.21%	74.70%
2020	0.0605239%	11,962,955	8,376,079	142.82%	82.17%
2021	0.0587970%	8,706,562	8,629,079	100.90%	86.88%
2022	0.0589755%	5,131,104	8,424,186	60.91%	92.62%
2023	0.0544289%	16,078,320	8,604,614	186.86%	75.74%
2024	0.0551397%	14,435,792	8,863,214	162.87%	79.01%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 793,771	\$ (793,771)	\$ -	\$ 6,614,758	12.00%
2016	809,238	(809,238)	-	6,743,650	12.00%
2017	982,747	(982,747)	-	7,559,592	13.00%
2018	1,059,572	(1,059,572)	-	7,568,371	14.00%
2019	1,172,651	(1,172,651)	-	8,376,079	14.00%
2020	1,208,071	(1,208,071)	-	8,629,079	14.00%
2021	1,179,386	(1,179,386)	-	8,424,186	14.00%
2022	1,204,646	(1,204,646)	-	8,604,614	14.00%
2023	1,240,850	(1,240,850)	-	8,863,214	14.00%
2024	1,376,524	(1,376,524)	-	9,832,314	14.00%

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST EIGHT MEASUREMENT PERIODS**

	Electric System's Proportion of the Net OPEB Liability/(Asset)	Electric System's Proportionate Share of the Net OPEB Liability/(Asset)	Electric System's Covered Payroll	Electric System'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
2017	0.0532705%	\$ 5,380,506	\$ 6,743,650	79.79%	54.05%
2018	0.0568005%	6,168,113	7,559,592	81.59%	54.14%
2019	0.0602395%	7,853,807	7,568,371	103.77%	46.33%
2020	0.0615326%	8,499,247	8,376,079	101.47%	47.80%
2021	0.0600925%	(1,070,596)	8,629,079	(12.41%)	115.57%
2022	0.0603904%	(1,891,521)	8,424,186	(22.45%)	128.23%
2023	0.0559157%	352,559	8,604,614	4.10%	94.79%
2024	0.0570275%	(514,687)	8,863,214	(5.81%)	107.76%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Electric System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 134,873	\$ (134,873)	\$ -	\$ 6,743,650	2.00%
2017	75,596	(75,596)	-	7,559,592	1.00%
2018	-	-	-	7,568,371	0.00%
2019	-	-	-	8,376,079	0.00%
2020	-	-	-	8,629,079	0.00%
2021	-	-	-	8,424,186	0.00%
2022	-	-	-	8,604,614	0.00%
2023	-	-	-	8,863,214	0.00%
2024	-	-	-	9,832,314	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST EIGHT YEARS**

	Electric System's Proportion Total OPEB Liability	Electric System's Covered- Employee Payroll	Electric System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 7,559,592	3.67%
2018	265,451	7,568,371	3.51%
2019	300,592	8,376,079	3.59%
2020	326,308	8,629,079	3.78%
2021	336,373	8,424,186	3.99%
2022	250,551	8,604,614	2.91%
2023	150,959	8,863,214	1.70%
2024	156,835	9,832,314	1.60%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	2024	2023	2022	2021
Beginning Total OPEB Liability	\$ 150,959	\$ 250,551	\$ 336,373	\$ 326,308
Service Cost	1,739	2,496	4,811	4,488
Interest	5,535	9,782	5,894	6,348
Difference between expected and actual experience	14,485	(21,192)	(1,700)	7,812
Changes in assumptions	(5,184)	(78,542)	(76,850)	9,313
Benefit payments	(10,699)	(12,136)	(17,977)	(17,896)
Ending Total OPEB Liability	<u>\$ 156,835</u>	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>

	2020	2019	2018
Beginning Total OPEB Liability	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	3,676	2,937	3,100
Interest	8,028	9,762	9,412
Difference between expected and actual experience	4,383	6,383	3,947
Changes in assumptions	27,073	33,317	(11,462)
Benefit payments	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2015-2024.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

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

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

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

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

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

**CITY OF HAMILTON - ELECTRIC SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2024.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.

2024: The single discount rate changed from 3.80% to 4.10%.



CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Wastewater System, an enterprise fund of the City of Hamilton, Ohio (the Wastewater System), as of and for the year ended December 31, 2024 and the related notes to the 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 financial position of the Wastewater System as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Wastewater System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Wastewater System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Wastewater System'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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Wastewater System'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 Wastewater System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2025

City of Hamilton, Ohio

Wastewater System

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

The discussion and analysis of the City of Hamilton, Ohio's Wastewater System's financial performance provide an overall review of that System's financial activities for the year ended December 31, 2024. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2024 is as follows:

- ❑ The assets and deferred outflows of resources of the Hamilton Wastewater System exceed its liabilities and deferred inflows of resources at the close of 2024 by \$30,154,458 (net position). Of this amount, \$11,703,730 (unrestricted net position) is available to meet the System's ongoing obligations to customers and creditors.
- ❑ The System's total net position increased by \$1,289,433 between 2024 and 2023, representing a 4.47% increase.
- ❑ In 2024, the Wastewater System's long-term debt decreased by a net \$2,002,527 due to meeting debt service requirements.

Wastewater System Summary

The City of Hamilton, Ohio owns and operates the Wastewater System, serving approximately 23,055 customers. The System consists of the treatment plant and sanitary sewer. The initial sludge plant was placed in service in 1959. In 1978, the Wastewater System was expanded to provide complete treatment services and an expansion of treatment facilities was completed during 2002.

The treatment plant, known as the Wastewater Reclamation Facility (WRF), is able to fully treat 32 MGD, the capacity of the WRF secondary treatment process. Wastewater flows in excess of 32 MGD receive only partial treatment. The stormwater train provides only primary treatment. The stormwater train's effluent is currently blended with fully treated flow from the wastewater train prior to disinfection, dechlorination and discharge to the Great Miami River.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Wastewater System for the year ended December 31, 2024.

City of Hamilton, Ohio

Wastewater System

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

Reporting Hamilton's Wastewater System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Wastewater System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Wastewater System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2024. The City of Hamilton's Wastewater System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Wastewater Fund are restricted to Wastewater System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Wastewater Fund and asks the question, "How did we do financially during 2024?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in net position. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Wastewater System's Financial Statements provide additional information that is essential to a full understanding of the data provided. The System provides services that have a charge based upon the amount of usage. The City's Wastewater System charges fees to recoup the cost of the entire operation of the Wastewater System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Wastewater Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$30,154,458 as of December 31, 2024. One of the largest portions of the net position of the Wastewater System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 51% for 2024 and 50% for 2023. The System employs these assets in the treatment and collection of sanitary sewer flow; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, because the capital assets themselves cannot be used to liquidate the liabilities.

City of Hamilton, Ohio

Wastewater System

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

Table 1 provides a summary of the Wastewater System's Statement of Net Position for the Years Ended December 31, 2024 and 2023.

	2024	2023
Current and other assets	\$ 19,001,831	\$ 19,051,474
Capital assets	57,655,067	58,458,655
Total assets	<u>76,656,898</u>	<u>77,510,129</u>
Deferred outflows of resources	1,308,565	2,015,583
Long-term liabilities:		
Net pension liability	3,368,641	3,928,652
OPEB liabilities	145,633	237,105
Other long-term amounts	36,928,728	38,762,901
Other liabilities	7,157,218	7,232,583
Total liabilities	<u>47,600,220</u>	<u>50,161,241</u>
Deferred inflows of resources	210,785	245,822
Net investment in capital assets	15,468,467	14,677,811
Restricted	2,982,261	2,899,244
Unrestricted	11,703,730	11,541,594
Total net position	<u>\$ 30,154,458</u>	<u>\$ 29,118,649</u>

The net pension liability (NPL) is reported by the Wastewater System 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) are reported by the Wastewater System 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 Wastewater System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the total OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Wastewater System's financial statements as a result of the Wastewater System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Wastewater System's financial statements reflects OPEB benefits provided by the Wastewater System through a Retiree Life Insurance plan. See Note 9 for more information on this plan.

City of Hamilton, Ohio

Wastewater System

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

GASB Statement No. 68 and GASB Statement No. 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 Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Wastewater System's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Wastewater System 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/(asset) are satisfied, the asset and liabilities are separately identified within the long-term sections of the statement of net position.

City of Hamilton, Ohio

Wastewater System

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Wastewater System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

As of December 31, 2024 and 2023, the Wastewater System is able to report positive balances in net position. The Wastewater System reported operating income of \$1,937,494 in 2024. An increase in customer rates was effective January 2024, which resulted in an increase in revenues. Expenses were consistent with the prior year.

Statements of Revenues, Expenses and Changes in Net Position

	2024	2023
Operating revenues	\$ 14,447,810	\$ 13,514,647
Operating expenses:		
Depreciation	2,857,804	2,878,012
Other operating expenses	9,652,512	9,292,187
Total operating expenses	<u>12,510,316</u>	<u>12,170,199</u>
Operating income	1,937,494	1,344,448
Non-Operating revenues (expenses)		
Interest and fiscal charges	(1,364,205)	(1,438,095)
Loss on disposal of capital assets	-	(66,327)
Other non-operating revenues	716,144	877,406
Total non-operating (expenses)	<u>(648,061)</u>	<u>(627,016)</u>
Transfers	<u>-</u>	<u>(807,800)</u>
Change in net position	1,289,433	(90,368)
Net Position as Previously Reported	29,118,649	-
Change in Accounting Principle (GASB Statement 101)	<u>(253,624)</u>	<u>-</u>
Net Position Beginning of Year as Restated	<u>28,865,025</u>	<u>29,209,017</u>
Net Position End of Year	<u>\$ 30,154,458</u>	<u>\$ 29,118,649</u>

City of Hamilton, Ohio

Wastewater System

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

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Wastewater System as of December 31, 2024 amounted to \$15.5 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Wastewater System asset activity during 2024.

Debt Administration: At the end of 2024, the City had outstanding long-term bond issues and loans totaling \$37,555,394.

See Note 7 for a discussion of the outstanding Wastewater System bonds and related activity.

Economic Factors and Future Trends

Wastewater customer classes include residential, commercial, industrial and large contract customers. The Wastewater System serves the entire City and certain adjacent areas and accounts for 99% of the wastewater treatment services within the corporate limits of the City.

Wastewater rates, as with the other City utility rates, are established by City ordinance and are not subject to the regulatory jurisdiction of the Public Utilities Commission of Ohio (PUCO) or any Federal or State regulatory body. In 2022, City Council approved a rate ordinance providing for a series of five rate increases, with the first increase effective January 1, 2023, and each subsequent increase, thereafter, effective January 1, for years 2023 through 2027. The City has a single rate schedule, applicable to all wastewater customers in the City, with the exception of customers that have separate agreements. The rate schedule provides for a basic billing charge; a capacity charged based on the water meter size; a service charge based on flow or volume of usage; a surcharge for Biochemical Oxygen Demand (BOD) in excess of 200 milligrams per liter (mg/l); and a surcharge for Suspended Solids (SS) in excess of 300 mg/l. The surcharge tolerance for SS were increased, effective July 1, 2012, from SS in excess of 250 mg/l to 300 mg/l, to more accurately reflect the cost of treatment. As with the other City utilities, there is a suburban surcharge (150%) levied on wastewater customers located outside the corporate limits of Hamilton.

The annual budget of the Wastewater System is adopted in accordance with ten-year projections developed by City Staff. These projects are thoroughly reviewed and updated in the Spring and Fall of each year or more often as deemed necessary by City Management.

City of Hamilton, Ohio

Wastewater System

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

In January 2007, the City and the Ohio EPA entered into a Modified Consent Order to address the remaining Ohio EPA issues with the Wastewater System. This Modified Consent Order required a number of reports to be filed with the Ohio EPA, including a Management, Operation and Maintenance (MOM) Report of the sanitary sewer system; an audit of the MOM Report, one year later; an Overflow Emergency Response Plan (OERP); and a System Evaluation and Capacity Assurance Plan (SECAP), with an implementation schedule. The Modified Consent Order also regulated the reporting of overflow and bypass monitoring. The City has received Ohio EPA approval of the required submitted reports and programs. In a letter dated July 11, 2009, the SECAP was approved by the Ohio EPA Director as adequate and complete. The SECAP document serves as the master plan of capital improvements to the Wastewater System to satisfy the Modified Consent Order. In 2012, a Preliminary Engineering Report, detailing changes to the SECAP, was submitted to the Ohio EPA. The changes to the SECAP were due primarily to the closure of the two paper mills in Hamilton and subsequent significant reduction in wastewater flow. The Report detailed the changes and modifications recommended for the Water Reclamation Facility and Interceptor Improvement Projects. The Report also requested a one-year extension of the completion date for these Projects, to October 1, 2015. The Ohio EPA approved the changes to the SECAP detailed in the Report.

During 2013, the Wastewater System began construction of the improvements identified within the approved SECAP, including the construction of a sewer overflow interceptor along the Great Miami River. The interceptor project was bid in 2013, with an accepted bid of approximately \$12 million. This was completed in 2015. Additionally, significant improvements were required at the Water Reclamation Facility to meet the requirements of the SECAP. Phase I of these improvements began in 2011 and totaled almost \$5.1 million. Phase II of these improvements began in 2014 and is estimated to cost approximately \$6.5 million. All requirements of the SECAP were completed in 2016.

The City maintains an A1 bond rating with a stable outlook for its Wastewater System.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Wastewater System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS

Current assets:

Cash and investments	\$ 13,905,499
Accounts receivable (less allowance for uncollectible accounts of \$1,064,312)	1,907,596
Interest receivable	92,606
Inventory of supplies at cost	1,016
Prepaid expenses	112,853
Total current assets	<u>16,019,570</u>

Restricted assets:

Cash and investments	<u>2,862,157</u>
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Noncurrent assets:

Net OPEB asset	120,104
Nondepreciable capital assets	5,884,388
Depreciable capital assets, net	<u>51,770,679</u>
Total noncurrent assets	<u>57,775,171</u>

Total assets	<u>76,656,898</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on debt refunding	133,659
Pension	1,056,211
OPEB	<u>118,695</u>
Total deferred outflows of resources	<u>1,308,565</u>

LIABILITIES

Current liabilities:

Accounts payable	201,549
Accrued wages and benefits	154,423
Intergovernmental payable	33,062
Accrued interest payable	325,823
Customer deposits payable	255,786
Compensated absences payable - current portion	346,984
General obligation notes payable	3,300,000
OWDA loans payable - current portion	56,976
OPWC loans payable - current portion	201,413
General obligation bonds payable - current portion	25,000
Revenue bonds payable - current portion	2,245,000
Total OPEB liability-current	<u>11,202</u>
Total current liabilities	<u>7,157,218</u>

Non-current liabilities:

Compensated absences payable	448,738
OWDA loans payable	2,018,938
OPWC loans payable	5,013,067
General obligation bonds payable	395,000
Revenue bonds payable	29,052,985
Net pension liability	3,368,641
Total OPEB liability	<u>145,633</u>
Total noncurrent liabilities	<u>40,443,002</u>

Total liabilities	<u>47,600,220</u>
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DEFERRED INFLOWS OF RESOURCES

Pension	52,796
OPEB	<u>157,989</u>
Total deferred inflows of resources	<u>210,785</u>

NET POSITION

Net investment in capital assets	15,468,467
Restricted for OPEB	120,104
Restricted for debt service	862,157
Restricted for rate stabilization	2,000,000
Unrestricted	<u>11,703,730</u>
Total net position	<u>\$ 30,154,458</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

Operating revenues:

Charges for services	\$ 14,444,995
Other operating revenues	<u>2,815</u>
Total operating revenues	<u>14,447,810</u>

Operating expenses:

Personal services	3,343,529
Materials and supplies	295,291
Contractual services	3,016,142
Depreciation	2,857,804
Other operating expenses	<u>2,997,550</u>
Total operating expenses	<u>12,510,316</u>

Operating income	1,937,494
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Non-operating revenues (expenses):

Investment earnings	716,144
Interest and fiscal charges	<u>(1,364,205)</u>
Total non-operating revenues (expenses)	<u>(648,061)</u>

Change in net position	1,289,433
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Net Position as Previously Reported	29,118,649
Change in Accounting Principle (GASB Statement 101)	<u>(253,624)</u>
Net Position Beginning of Year as Restated	<u>28,865,025</u>

Net Position End of Year	\$ <u><u>30,154,458</u></u>
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See notes to financial statements.

CITY OF HAMILTON, OHIO - WASTEWATER SYSTEM
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities:

Cash received from customers	\$ 14,306,544
Cash paid for employee services and benefits	(3,369,833)
Cash paid to suppliers for goods and services	<u>(6,287,152)</u>
Net cash from operating activities	<u>4,649,559</u>

Cash flows from capital and related financing activities:

Payments for capital acquisitions	(2,215,705)
Note proceeds	3,300,000
Loan proceeds	562,350
Premium on debt issuance	28,429
General obligation bond principal retirement	(25,000)
Bonds principal retirement	(2,155,000)
Note principal retirement	(3,300,000)
Loan principal retirement	(384,877)
Debt interest payments and fiscal charges	<u>(1,500,982)</u>
Net cash from capital and related financing activities	<u>(5,690,785)</u>

Cash flows from investing activities:

Interest from investments and change in fair value of investments	<u>691,625</u>
Net change in cash and investments	(349,601)
Cash and investments at beginning of year	<u>17,117,257</u>
Cash and investments at end of year	\$ <u>16,767,656</u>

Reconciliation of operating income to net cash from operating activities:

Operating income	\$ 1,937,494
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	2,857,804
Change in deferred outflows-pension and OPEB	698,107
Change in deferred inflows-pension and OPEB	(35,037)
Changes in assets and liabilities:	
(Increase) decrease in receivables	(141,266)
(Increase) decrease in inventory	323
(Increase) decrease in prepaid items	(14,392)
Increase (decrease) in customer deposits payable	8,821
Increase (decrease) in payables	18,899
Increase (decrease) in accrued liabilities	89,258
Increase (decrease) in intergovernmental payables	(10,067)
(Increase) decrease in net OPEB asset	(120,104)
Increase (decrease) in net pension liability	(560,011)
Increase (decrease) in net OPEB liability	(86,146)
Increase (decrease) in total OPEB liability	<u>5,876</u>
Net cash from operating activities	\$ <u>4,649,559</u>

Schedule of noncash activities:

Outstanding liabilities for purchase of certain capital assets	\$ <u>11,880</u>
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See notes to financial statements.

CITY OF HAMILTON, OHIO – WASTEWATER SYSTEM

Notes to Financial Statements Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Wastewater System (Wastewater System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Wastewater System is controlled by and is dependent on the City's executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Wastewater System's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Wastewater System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Wastewater System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Wastewater System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Wastewater System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond premiums were \$92,963 during 2024.

Compensated Absences – Employees of the Wastewater System earn vacation leave at various rates within limits specified under collective bargaining agreements or under ordinance. Vacation earned in a calendar year must be used during that year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the City Manager. At termination or retirement, employees are paid at their then full rate for 100% of their unused vacation leave. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or City ordinance. Employees hired before 1990 are paid 75% of the accumulated sick time upon retirement or death up to a maximum of 1,200 hours for employees whose normal work schedule is 40 hours per week, and up to 1,680 hours for those working a 51 hour week. Those individuals that commenced employment on or after January 1, 1990, will be paid 50%, and those individuals that commenced employment on or after January 1, 1994 will be paid 25% of the accumulated sick leave upon death or retirement. Compensation for sick leave is paid at the employee's then full rate of pay at the time of termination or retirement.

GASB Statement No. 101, "*Compensated Absences*", requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability. Accrued vacation and sick leave are accumulated to Wastewater System employees at varying amounts and are attributable to services already rendered. At the time of the employee's termination, such accruals are paid to the employee at varying rates from the fund to which the employee's payroll is charged.

Pension/OPEB – The provision for pension/other postemployment benefits (OPEB) cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Wastewater System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt 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. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 8 and 9.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Wastewater System, deferred inflows of resources include pension/OPEB (see Notes 8 and 9).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Wastewater System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Wastewater System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Wastewater System totaled \$15,905,499 at December 31, 2024 consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees was \$862,157 at December 31, 2024.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2024, approximately 85% of the City’s deposits with financial institutions, including the amount of pooled deposits related to the Wastewater System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Wastewater System’s uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Wastewater Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

The City’s pooled investments, as well as the investments held by trustees specifically for the Wastewater System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 0.85 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2024 consist of the following:

Earned and unbilled consumer accounts	\$	976,804
Earned and billed consumer accounts		1,995,104
Other		0
Less allowance for uncollectible accounts		<u>(1,064,312)</u>
Total	\$	<u><u>1,907,596</u></u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$2,862,157 at December 31, 2024.

5. CAPITAL ASSETS

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

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,847,497	\$ -	\$ -	\$ 2,847,497
Construction in progress	3,929,209	343,229	(1,235,547)	3,036,891
Subtotal	6,776,706	343,229	(1,235,547)	5,884,388
<i>Capital assets being depreciated:</i>				
Buildings and improvements	86,238,288	-	-	86,238,288
Machinery and equipment	54,617,306	2,946,534	(1,405)	57,562,435
Subtotal	140,855,594	2,946,534	(1,405)	143,800,723
Totals at historical cost	147,632,300	3,289,763	(1,236,952)	149,685,111
Less accumulated depreciation:				
Buildings and improvements	46,126,354	595,487	-	46,721,841
Machinery and equipment	43,047,291	2,262,317	(1,405)	45,308,203
Total accumulated depreciation	89,173,645	2,857,804	(1,405)	92,030,044
Capital assets, net	<u>\$ 58,458,655</u>	<u>\$ 431,959</u>	<u>\$ (1,235,547)</u>	<u>\$ 57,655,067</u>

6. NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Balance 1/1/24	Additions	Reductions	Balance 12/31/24
4.00% Wastewater Improvements	\$ -	\$ 3,300,000	\$ -	\$ 3,300,000
4.50% Wastewater Improvements	3,300,000	-	(3,300,000)	-
Total notes payable	<u>\$ 3,300,000</u>	<u>\$ 3,300,000</u>	<u>\$ (3,300,000)</u>	<u>\$ 3,300,000</u>

7. LONG TERM DEBT

In October 2016, the Wastewater System refunded \$10,840,000 of Series 2005 Wastewater System Revenue Refunding Bonds. The net proceeds of the Series 2016 bonds have been used to currently refund the Series 2005 Bonds that were originally issued to refund the 1996 and 1998 Wastewater Revenue Bonds. These bonds fully mature in 2026 with interest ranging from 1.75 to 5.0 percent per annum.

In April 2018, the Wastewater System currently refunded the 2017 Notes through the issuance of \$25,325,000 of Series 2018 Wastewater System Refunding Revenue Bonds. These bonds fully mature in 2041 with interest ranging from 2.0 to 5.0 percent per annum.

In 2018, the City issued \$11,025,000 in Series 2018 General Obligation Various Purpose Bonds. Proceeds of \$555,000 will fund wastewater line improvements. The Wastewater System's portion of the bonds fully mature in 2038 with interest ranging from 2.6 to 4.0 percent per annum.

In November 2019, the Wastewater System defeased \$10,865,000 of the Series 2009B Taxable Wastewater System Build America Revenue Bonds through the issuance of \$8,865,000 of Series 2019 Wastewater Mortgage Revenue Refunding Bonds, and additional cash on hand. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

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

	<i>Restated</i> Balance 1/1/24	Additions	Reductions	Balance 12/31/24	Due Within One Year
Series 2016 Revenue Bonds	\$ 3,290,000	\$ -	\$ (1,045,000)	\$ 2,245,000	\$ 1,095,000
Series 2018 Refunding Bonds	20,940,000	-	(825,000)	20,115,000	855,000
Series 2018 G.O. Bonds	445,000	-	(25,000)	420,000	25,000
Series 2019 Refunding Bonds	7,770,000	-	(285,000)	7,485,000	295,000
Less deferred amount for issuance premiums	1,545,948	-	(92,963)	1,452,985	-
<i>Direct borrowing:</i>					
OWDA loans	1,569,052	562,350	(55,488)	2,075,914	56,976
OPWC loans	5,415,893	-	(201,413)	5,214,480	201,413
Installment loan	127,976	-	(127,976)	-	-
Compensated absences*	764,948	30,774	-	795,722	346,984
Total bonds	<u>\$ 41,868,817</u>	<u>\$ 593,124</u>	<u>\$ (2,657,840)</u>	<u>\$ 39,804,101</u>	<u>\$ 2,875,373</u>

* The change in compensated absences above is a net change for the year.

All property and revenue of the Wastewater System facilities have been pledged as collateral on the indebtedness. Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The Mortgage Revenue Bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

The Wastewater Utility revenue bonds are payable from the net revenue derived from operations of the Wastewater Utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2026, 2039, and 2041. In 2024 the Wastewater Fund reported \$5,511,442 of net pledged revenues for coverage of a principal and interest debt service requirement of \$3,449,088.

Maturities of mortgage revenue and general obligation bonds at December 31, 2024 are as follows:

	Revenue Bonds			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 2,245,000	\$ 1,194,588	\$ 3,439,588	\$ 25,000	\$ 13,868	\$ 38,868
2026	2,360,000	1,082,338	3,442,338	25,000	13,118	38,118
2027	1,265,000	973,288	2,238,288	25,000	12,368	37,368
2028	1,330,000	910,038	2,240,038	25,000	11,718	36,718
2029	1,460,000	843,538	2,303,538	30,000	11,030	41,030
2030-2034	8,105,000	3,399,176	11,504,176	150,000	41,201	191,201
2035-2039	10,020,000	1,804,350	11,824,350	140,000	12,688	152,688
2040-2041	3,060,000	184,800	3,244,800	-	-	-
Total	<u>\$ 29,845,000</u>	<u>\$ 10,392,116</u>	<u>\$ 40,237,116</u>	<u>\$ 420,000</u>	<u>\$ 115,991</u>	<u>\$ 535,991</u>

In 2010, the Wastewater System entered into a direct borrowing agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the Wastewater System to receive a loan for sanitary sewer improvements. The interest rate on the loan is 3.25 percent, per annum. This loan is payable from wastewater utility charges. As of December 31, 2024, the outstanding loan balance was \$159,820.

In 2018, the Wastewater System entered into a direct borrowing agreement with the OWDA to receive a loan for sanitary sewer improvements. The interest rate on the loan is 2.22 percent per annum. This loan is payable from wastewater utility charges. As of December 31, 2024, the outstanding loan balance was \$1,042,704.

In 2016, the Wastewater System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for the Gilmore Road Pump Station (Phases I and II) with a 0 percent interest rate. As of December 31, 2024, the outstanding balance of the loan is \$2,975,544.

In 2021, the Wastewater System obtained financing through OPWC direct borrowing for sanitary sewer improvements at an interest rate of 0%. This loan is received by the Wastewater System in increments as the project is completed. As of December 31, 2024, the outstanding balance of the loan is \$2,238,936.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the Wastewater System to receive a loan for a boiler replacement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2024, the Wastewater had received \$84,715 from OWDA. Subsequent amounts will be received in future years.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. EPA for the Wastewater System to receive a loan for a sanitary sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2024, the Wastewater System had received \$359,600 from OWDA. Subsequent amounts will be received in future years.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. EPA, for the Wastewater to receive a loan for a sanitary sewer facilities master plan project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2024, the Wastewater System had received \$264,075 from OWDA. Subsequent amounts will be received in future years.

In 2023, the Wastewater System entered into an agreement with the OWDA, as administrator for the U. S. EPA, for the Wastewater System to receive a loan for a gravity collector sewer improvement project. The total amount is subject to change and has not been finalized. The interest rate on the loan is 0.00%, per annum. This loan is payable from wastewater charges and is received by the Wastewater System in increments as the project is completed. As of December 31, 2024, the Wastewater System had received \$165,000 from OWDA. Subsequent amounts will be received in future years.

The future financing requirements on the *completed* direct borrowing OWDA and OPWC project loan balances at December 31, 2024 was:

	Principal	Interest	Total
2025	\$ 258,389	\$ 27,965	\$ 286,354
2026	259,916	26,437	286,353
2027	261,487	24,868	286,355
2028	263,102	23,252	286,354
2029	264,760	21,593	286,353
2030-2034	1,225,285	88,351	1,313,636
2035-2039	1,218,559	65,541	1,284,100
2040-2044	1,243,242	40,859	1,284,101
2045-2049	1,182,378	13,293	1,195,671
2050-2052	239,886	-	239,886
Total	<u>\$ 6,417,004</u>	<u>\$ 332,159</u>	<u>\$ 6,749,163</u>

8. **DEFINED BENEFIT PENSION PLANS**

The Wastewater System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

Plan Description. Wastewater System employees 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.

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

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. 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%.

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% 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 lumpsum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2024 as follows:

Statutory Maximum Contribution Rates

Employer	14.0	%
Employee	10.0	%

Actual Contribution Rates

Employer:		
Pension	14.0	%
Post-employment Health Care Benefits	0.0	%
	<hr/>	
Total Employer	14.0	%
	<hr/>	
Employee	10.0	%
	<hr/>	

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Wastewater System's contractually required contributions were \$321,218 for 2024. Of this amount, \$17,672 was reported as an intergovernmental payable in 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Wastewater System's proportion of the net pension liability was based on the Wastewater System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods.

The following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	\$ 3,368,641
Proportion of the Net Pension Liability	0.0128670%
Change in Proportion	-0.0004324%
Pension Expense	\$ 813,997

At December 31, 2024, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$ 679,935
Differences between expected and actual experience	55,058
Wastewater System contributions subsequent to the measurement date	<u>321,218</u>
Total Deferred Outflows of Resources	<u><u>\$ 1,056,211</u></u>

Deferred Inflows of Resources

Wastewater System change in proportionate share	<u><u>\$ 52,796</u></u>
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\$321,218 reported as deferred outflows of resources related to pension resulting from the Wastewater System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:

2025	\$ 55,188
2026	130,635
2027	186,309
2028	<u>310,065</u>
Total	<u><u>\$ 682,197</u></u>

Actuarial Assumptions. 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.

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.

	<u>December 31, 2023</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75% including wage inflation Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2024, then 2.05% simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2022</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75% including wage inflation Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2023, then 2.05% simple
Investment Rate of Return	6.9%
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 Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% 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%	2.85%
Domestic Equities	21%	4.27%
Real Estate	13%	4.46%
Private Equity	15%	7.52%
International Equities	20%	5.16%
Risk Parity	2%	4.38%
Other Investments	5%	3.46%
	<u>100%</u>	

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

Sensitivity of the Wastewater System's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following table presents the Wastewater System's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.90%, as well as what the Wastewater System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.9%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Wastewater System's proportionate share of the net pension liability	\$ 5,303,229	\$ 3,368,641	\$ 1,759,722

9. DEFINED BENEFIT OPEB PLANS

The Wastewater System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate 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 credit with at least 20 years of qualified health care service credit;

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

Group C 32 years of total service 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; or

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 65 if they have at least 20 years of qualifying service.

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code provides the statutory authority requiring 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 health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by 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 2.0% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0%. 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 Wastewater System's contractually required contributions were \$0 for 2024.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB 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. The Wastewater System's proportion of the net OPEB asset was based on the Wastewater System'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:

Proportionate Share of the Net OPEB Asset	\$	120,104
Proportion of the Net OPEB Asset		0.0133076%
Change in Proportion		-0.0003551%
OPEB Expense	\$	(16,337)

At December 31, 2024, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on OPEB plan investments	\$ 72,129
Changes in assumptions	<u>30,920</u>
Total Deferred Outflows of Resources	<u>\$ 103,049</u>

Deferred Inflows of Resources

Changes in assumptions	\$ 51,630
Differences between expected and actual experience	<u>17,093</u>
Total Deferred Inflows of Resources	<u>\$ 68,723</u>

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:

2025	\$ (3,048)
2026	5,584
2027	56,145
2028	<u>(24,355)</u>
Total	<u>\$ 34,326</u>

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

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

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

Wage Inflation	2.75%
Projected Salary Increases, including inflation	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	6.00%
Municipal Bond Rate	
Current measurement period	3.77%
Prior measurement period	4.05%
Health Care Cost Trend Rate:	
Current measurement period	5.5%, initial
	3.5%, ultimate in 2038
Prior measurement period	5.5%, initial
	3.5%, 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 14.0% for 2023.

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

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

Discount Rate. A single discount rate of 5.70% was used to measure the 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 reflect (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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77% (Fidelity Index's "20-Year Municipal GO AA Index").

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 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Wastewater System's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate. The following table presents the Wastewater System's proportionate share of the net OPEB asset calculated using the single discount rate of 5.70%, as well as what the Wastewater System's proportionate share of the net OPEB asset if it were calculated using a discount rate that is 1.0 percentage point lower (4.70%) or 1.0 percentage point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Wastewater System's proportionate share of the net OPEB asset (liability)	\$ (65,971)	\$ 120,104	\$ 274,124

Sensitivity of the Wastewater System'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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Wastewater System's proportionate share of the net OPEB asset	\$ 125,025	\$ 120,104	\$ 114,385

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Wastewater System's contractually required contributions were \$10,699 in 2024.

At December 31, 2024, the number of plan-wide active participants and retirees were 619 and 652, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2024. Following is information related to the changes in total OPEB liability:

Total OPEB Liability, beginning of year	\$ 150,959
Service cost	1,739
Interest	5,535
Difference between expected and actual experience	14,485
Changes in assumptions	(5,184)
Benefit payments	<u>(10,699)</u>
Total OPEB Liability, end of year	<u>\$ 156,835</u>
Retiree Life Insurance Plan OPEB expense	(\$29,686)

At December 31, 2024, the Wastewater System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

Deferred Outflows of Resources

Changes in assumptions	\$ 2,538
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Outflows of Resources	<u><u>\$ 15,646</u></u>

Deferred Inflows of Resources

Changes in assumptions	\$ 76,158
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Inflows of Resources	<u><u>\$ 89,266</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:

2025	\$ (31,814)
2026	(26,724)
2027	(16,296)
2028	<u>1,214</u>
Total	<u><u>\$ (73,620)</u></u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024. 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:

Single Discount Rate:

Current measurement date 4.10%

Prior measurement date 3.80%

Actuarial Cost Method Entry Age Normal

Mortality Rates:

Non-Disable Pub-2010 General/Public Safety

Retired Pub-2010 General Retiree

Disabled Pub-2010 General Disabled Retiree

Weighting Headcount-weighted

Future Improvement Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 4.10% was used to measure the total OBEB liability on the measurement date of December 31, 2024. A single discount rate of 3.80% was used to measure the total OPEB liability on the measurement date of December 31, 2023. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Wastewater System's Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.10%) and one-percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 174,649	\$ 156,835	\$ 141,950

10. CONTINGENT LIABILITIES

Litigation. Various claims and lawsuits are pending against the City involving the Wastewater System. The City believes the likely outcome will not be material to the Wastewater System's basic financial statements.

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

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

11. RELATED PARTY TRANSACTIONS

The Wastewater System purchases electricity from the City's Electric System. Purchases of \$607,534 were made in 2024 from the Electric System and are included in operating expenses.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Wastewater System for these services was approximately \$3,007,000 in 2024 are included in other operating expenses.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Wastewater System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

13. CONTRACTUAL COMMITMENTS

At December 31, 2024, the Wastewater System had a contractual commitment related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the operations of approximately \$709,000.

14. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For 2024 the Wastewater System implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections* and Statement No. 101, *Compensated Absences*.

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

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

The implementation of GASB Statement 101 had the following effect on net position as reported December 31, 2023:

Net Position, December 31, 2023 as Reported	\$ 29,118,649
Adjustments:	
Change in Compensated Absences	<u>(253,624)</u>
Restated Net Position, December 31, 2023	\$ <u>28,865,025</u>

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net Pension Liability	Wastewater System's Proportionate Share of the Net Pension Liability	Wastewater System's Covered Payroll	Wastewater System'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
2015	0.0132201%	\$ 1,594,487	\$ 1,636,133	97.45%	86.45%
2016	0.0107035%	1,853,976	1,468,558	126.24%	81.08%
2017	0.0107242%	2,435,275	1,397,050	174.32%	77.25%
2018	0.0110575%	1,734,709	1,519,392	114.17%	84.66%
2019	0.0112077%	3,069,559	1,490,579	205.93%	74.70%
2020	0.0134170%	2,651,956	1,578,507	168.00%	82.17%
2021	0.0131742%	1,950,809	1,912,900	101.98%	86.88%
2022	0.0133759%	1,163,756	1,887,543	61.65%	92.62%
2023	0.0132994%	3,928,652	1,951,564	201.31%	75.74%
2024	0.0128670%	3,368,641	2,165,679	155.55%	79.01%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 176,227	\$ (176,227)	\$ -	\$ 1,468,558	12.00%
2016	167,646	(167,646)	-	1,397,050	12.00%
2017	197,521	(197,521)	-	1,519,392	13.00%
2018	208,681	(208,681)	-	1,490,579	14.00%
2019	220,991	(220,991)	-	1,578,507	14.00%
2020	267,806	(267,806)	-	1,912,900	14.00%
2021	264,256	(264,256)	-	1,887,543	14.00%
2022	273,219	(273,219)	-	1,951,564	14.00%
2023	303,195	(303,195)	-	2,165,679	14.00%
2024	321,218	(321,218)	-	2,294,414	14.00%

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST EIGHT MEASUREMENT PERIODS**

	Wastewater System's Proportion of the Net OPEB Liability/(Asset)	Wastewater System's Proportionate Share of the Net OPEB Liability/(Asset)	Wastewater System's Covered Payroll	Wastewater System'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
2017	0.0104915%	\$ 1,059,681	\$ 1,397,050	75.85%	54.05%
2018	0.0111868%	1,214,800	1,519,392	79.95%	54.14%
2019	0.0113524%	1,480,082	1,490,579	99.30%	46.33%
2020	0.0136406%	1,884,120	1,578,507	119.36%	47.80%
2021	0.0134645%	(239,880)	1,912,900	(12.54%)	115.57%
2022	0.0136968%	(429,005)	1,887,543	(22.73%)	128.23%
2023	0.0136627%	86,146	1,951,564	4.41%	94.79%
2024	0.0133076%	(120,104)	2,165,679	(5.55%)	107.76%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Wastewater System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 27,941	\$ (27,941)	\$ -	\$ 1,397,050	2.00%
2017	15,193	(15,193)	-	1,519,392	1.00%
2018	-	-	-	1,490,579	0.00%
2019	-	-	-	1,578,507	0.00%
2020	-	-	-	1,912,900	0.00%
2021	-	-	-	1,887,543	0.00%
2022	-	-	-	1,951,564	0.00%
2023	-	-	-	2,165,679	0.00%
2024	-	-	-	2,294,414	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST EIGHT YEARS**

	Wastewater System's Proportion Total OPEB Liability	Wastewater System's Covered- Employee Payroll	Wastewater System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,519,392	18.25%
2018	265,451	1,490,579	17.81%
2019	300,592	1,578,507	19.04%
2020	326,308	1,912,900	17.06%
2021	336,373	1,887,543	17.82%
2022	250,551	1,951,564	12.84%
2023	150,959	2,165,679	6.97%
2024	156,835	2,294,414	6.84%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	2024	2023	2022	2021
Beginning Total OPEB Liability	\$ 150,959	\$ 250,551	\$ 336,373	\$ 326,308
Service Cost	1,739	2,496	4,811	4,488
Interest	5,535	9,782	5,894	6,348
Difference between expected and actual experience	14,485	(21,192)	(1,700)	7,812
Changes in assumptions	(5,184)	(78,542)	(76,850)	9,313
Benefit payments	(10,699)	(12,136)	(17,977)	(17,896)
Ending Total OPEB Liability	<u>\$ 156,835</u>	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>

	2020	2019	2018
Beginning Total OPEB Liability	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	3,676	2,937	3,100
Interest	8,028	9,762	9,412
Difference between expected and actual experience	4,383	6,383	3,947
Changes in assumptions	27,073	33,317	(11,462)
Benefit payments	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2015-2024.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

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

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

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

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

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

**CITY OF HAMILTON - WASTEWATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2024.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.

2024: The single discount rate changed from 3.80% to 4.10%.



CITY OF HAMILTON, OHIO – WATER SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Water System, an enterprise fund of the City of Hamilton, Ohio (the Water System), as of and for the year ended December 31, 2024 and the related notes to the 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 financial position of the Water System as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Water System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Water System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2024, and the changes its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Water System'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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Water System'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 Water System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2025

City of Hamilton, Ohio

Water System

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

The discussion and analysis of the City of Hamilton, Ohio's Water System's financial performance provide an overall review of that System's financial activities for the year ended December 31, 2024. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position; Revenues, Expenses and Changes in Net Position; and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2024 is as follows:

- ❑ The assets and deferred outflows of resources of the Hamilton Water System exceeded its liabilities and deferred inflows of resources at the close of 2024 by \$69,753,821 (net position). Of this amount, \$6,049,101 (unrestricted net position) is available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position increased by \$508,920 between 2023 and 2024, representing a 0.7% increase.
- ❑ In 2024, the Water System's long-term debt increased by a net of \$136,930, as the Water System continued to make debt service payments.

Water System Summary

The Water System is a fully integrated water supply, treatment, transmission and distribution system. Over the last decade, the City has implemented a number of improvements to the Water System, providing increased system capabilities and enhanced reliability. The System has two water treatment facilities and two well fields that draw water from the Great Miami Buried Valley Aquifer. The transmission and distribution system consists of more than 300 miles of various size main piping, storage facilities and pumping stations.

The Water System currently provides water service to approximately 24,556 customers who represent a diverse mixture of residential, as well as small and large commercial and industrial customers. The City Water Service Area is comprised of virtually all customers within the City's corporate boundaries and a small number of customers in some areas in the immediate surrounding environs. Butler County is the largest customer of the Water System and for the last several years has accounted for in excess of fifty percent of the Water System's sales. The Water System provides water service to an area within the City limits and areas in the immediate surrounding environs. No water utility other than the Water System can serve new customers in the City without a franchise, and, under the City Charter, only the City Council has the authority to grant utility franchises. City Council has not granted any franchises.

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Water System for the year ended December 31, 2024.

City of Hamilton, Ohio

Water System

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

Reporting Hamilton's Water System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Water System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Water System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2024. The City of Hamilton's Water System is reported as a business-type, proprietary, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Water Fund are restricted to Water System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Water Fund and asks the question, "How did we do financially during 2024?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, and liabilities of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the change in net position. The change in net position is important because it tells the reader whether, for the system, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Water System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Water System charges fees to recoup the cost of the entire operation of the Water System as well as all capital expenses associated with these facilities.

City of Hamilton, Ohio

Water System

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

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Water Fund, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$69,753,821 as of December 31, 2024. By far, the largest portion of the net position of the Water System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The ratios of net investment in capital assets to total net position are as follows: 89% for 2024, and 92% for 2023. The System employs these assets in the treatment and distribution of water to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and it should be noted that the resources needed to repay these debts must be provided from other sources, primarily the revenues of the system, since the capital assets themselves cannot be used to liquidate the liabilities. Table 1 provides a summary of the Water System's Statement of Net Position for the Years Ended December 31, 2024 and 2023.

	2024	2023
Current and other assets	\$ 29,372,625	\$ 25,806,664
Capital assets	98,674,375	97,966,499
Total assets	<u>128,047,000</u>	<u>123,773,163</u>
Deferred outflows of resources	1,978,590	2,957,276
Long-term liabilities:		
Net pension liability	4,637,375	5,375,273
OPEB liabilities	145,633	268,822
Other long-term amounts	33,780,743	33,390,554
Other liabilities	21,451,720	17,809,932
Total liabilities	<u>60,015,471</u>	<u>56,844,581</u>
Deferred inflows of resources	256,298	291,042
Net investment in capital assets	62,021,524	63,811,281
Restricted	1,683,196	1,527,703
Unrestricted	6,049,101	4,255,832
Total net position	<u>\$ 69,753,821</u>	<u>\$ 69,594,816</u>

The net pension liability (NPL) is reported by the Water System 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) are reported by the Water System pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

City of Hamilton, Ohio

Water System

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

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Water System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the total OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Water System's financial statements as a result of the Water System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Water System's financial statements reflects OPEB benefits provided by the Water System through a Retiree Life Insurance plan. See Note 9 for more information on this plan.

GASB Statement No. 68 and GASB Statement No. 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 Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Water System's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Water System 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.

City of Hamilton, Ohio

Water System

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

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/(asset) are satisfied, the asset and liabilities are separately identified within the long-term sections of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Water System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

The Water System reported an increase in net position of \$508,920 in 2024. The Water System reported an operating income of \$53,388 in 2024. An increase in customer rates was effective January 2024, which resulted in an increase in revenues. Expenses were consistent with the prior year. Net non-operating expenses of \$537,107, a decrease of \$33,706 from 2023 primarily due to increased unrealized gains on investments.

City of Hamilton, Ohio

Water System

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

Statement of Revenues, Expenses and Changes in Net Position

	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 18,276,660	\$ 16,114,463
Operating expenses:		
Depreciation	3,636,664	3,539,798
Other operating expenses	14,586,608	13,598,483
Total operating expenses	<u>18,223,272</u>	<u>17,138,281</u>
Operating income (loss)	53,388	(1,023,818)
Non-Operating revenues (expenses)		
Interest and fiscal charges	(1,488,481)	(860,275)
Loss on disposal of capital assets	(11,903)	(16,240)
Investment earnings	963,277	305,702
Total non-operating (expenses)	<u>(537,107)</u>	<u>(570,813)</u>
Capital contributions	992,639	2,256,385
Transfers	<u>-</u>	<u>807,800</u>
Change in net position	508,920	1,469,554
Net Position as Previously Reported	69,594,816	-
Change in Accounting Principle (GASB Statement 101)	<u>(349,915)</u>	<u>-</u>
Net Position Beginning of Year as Restated	69,244,901	68,125,262
Net Position End of Year	<u><u>\$ 69,753,821</u></u>	<u><u>\$ 69,594,816</u></u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Water System as of December 31, 2024 amounted to \$62.0 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment.

Note 5 (Capital Assets) provides Water System asset activity during 2024.

Debt Administration: At the end of 2024, the Water System had five outstanding long-term revenue bond issues totaling \$24,250,000. The Water System experienced a net increase in direct borrowing loans of \$1,270,376 for water improvements.

See Notes 6 and 7 for a discussion of outstanding Water System bonds, notes and related activity.

City of Hamilton, Ohio

Water System

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

Economic Factors and Future Trends

The City's Water System is continually monitoring its costs and seeking ways to maintain its rates. However, the cost of providing water continues to escalate with rising chemical costs and environmental regulation. These costs are required by both ordinance and indentures to be passed along to its customers. The number of customers has remained steady, but per capita usage is dropping. In 2022, the City adopted a five-year cost of service rate plan to be implemented annually from 2023 through 2027.

The annual budget of the City Water System is adopted in accordance with ten-year projections developed by City staff, and these projections are reviewed and updated in the spring and fall of each year, or more often as deemed necessary by City Management.

While the transmission and distribution system has been well-maintained, the age of the infrastructure has led to increases in the number of water main breaks and leaks over the last decade or so. For example, the average water main age in the City is approximately seventy years. In 2010, City Council adopted an ordinance which created the Water Main Replacement Program Rider (WMRPR). The WMRPR program is designed to renew and replace the City's water mains based upon an average 75-year useful life. Debt was issued approximately every three years to provide funding for the program until 2020. At that time, the Rider fully funded the WMRPR. All funds collected through the WMRPR were dedicated to meeting the capital expense and debt service requirements of the Water Main Replacement Program. Beginning with rates adopted in 2014, all water main replacement costs were collected in the base water service rates to more accurately reflect the cost of service. Furthermore, the WMRPR was set to zero at the time of the first step of the five-year rate plan in 2015. Beginning in 2020, water main replacements were being funded by a combination of OPWC loans and current year revenues.

While the U.S. EPA establishes water quality and testing guidelines, the Ohio EPA enforces these guidelines, by using Primary and Secondary Drinking Water Standards. The Primary Drinking Water Standards focus on health concerns, by placing restrictions on water content of certain chemicals, such as lead, arsenic, mercury, fluoride and nitrates. Secondary Drinking Water Standards focus on the aesthetic quality of water, such as color, odor, iron and pH. Based on its tests and monitoring program, the City is currently in compliance with all U.S. EPA and Ohio EPA requirements. The City's treated water meets or exceeds applicable standards and is generally regarded as high quality, which is confirmed by consumer surveys. To further support this label of "high quality," the City of Hamilton won the award of "Best of the Best" in the National Section of the American Water Works Association Water Tasting Contest in 2018 and again in 2019 for the Ohio Section. Furthermore, the City's water won "The World's Best Tasting Tap Water" at the Berkeley Springs competition in 2015 and received a bronze medal in 2017. The Water System won third place in 2020 and second place in 2022 for the best purified drinking water category and fifth place in 2022 for the best municipal water at the Berkeley Springs competition. In 2025, the Water System placed 5th place in the purified drinking water category.

The City maintains an Aa3 bond rating with a stable outlook for its Water System.

City of Hamilton, Ohio

Water System

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

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Water System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

CITY OF HAMILTON, OHIO – WATER SYSTEM
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS

Current assets:

Cash and investments	\$ 25,041,769
Accounts receivable (less allowance for uncollectible accounts of \$325,932)	1,952,534
Interest receivable	50,716
Inventory of supplies at cost	452,072
Prepaid expenses	192,338
Total current assets	<u>27,689,429</u>

Restricted assets:

Cash and investments	1,517,853
Total restricted assets	<u>1,517,853</u>

Noncurrent assets:

Net OPEB asset	165,343
Nondepreciable capital assets	9,453,406
Depreciable capital assets, net	89,220,969
Total noncurrent assets	<u>98,839,718</u>

Total assets	<u>128,047,000</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on debt refunding	367,073
Pension	1,454,009
OPEB	157,508
Total deferred outflows of resources	<u>1,978,590</u>

LIABILITIES

Current liabilities:

Accounts payable	927,302
Accrued wages and benefits	214,841
Intergovernmental payable	45,169
Accrued interest payable	241,299
Customer deposits payable	258,711
Unearned revenue	3,000,000
Compensated absences payable-current	408,800
General obligation notes payable	15,000,000
OWDA loans payable - current portion	44,989
OPWC loans payable - current portion	249,407
Revenue bonds payable - current portion	1,050,000
Total OPEB liability-current	11,202
Total current liabilities	<u>21,451,720</u>

Non-current liabilities:

Compensated absences payable	568,764
OWDA loans payable	589,060
OPWC loans payable	7,803,039
Revenue bonds payable	24,819,880
Net pension liability	4,637,375
Total OPEB liability	145,633
Total noncurrent liabilities	<u>38,563,751</u>

Total liabilities	<u>60,015,471</u>
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DEFERRED INFLOWS OF RESOURCES

Pension	72,424
OPEB	183,874
Total deferred inflows of resources	<u>256,298</u>

NET POSITION

Net investment in capital assets	62,021,524
Restricted for OPEB	165,343
Restricted for debt service	517,853
Restricted for rate stabilization	1,000,000
Unrestricted	6,049,101
Total net position	<u>\$ 69,753,821</u>

CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

Operating revenues:

Charges for services	\$ 18,109,006
Other operating revenues	<u>167,654</u>
Total operating revenues	<u>18,276,660</u>

Operating expenses:

Personal services	4,659,875
Materials and supplies	2,441,828
Contractual services	4,299,849
Depreciation	3,636,664
Other operating expenses	<u>3,185,056</u>
Total operating expenses	<u>18,223,272</u>

Operating income	53,388
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Non-operating revenues (expenses):

Investment earnings	963,277
Loss on disposal of capital assets	(11,903)
Interest and fiscal charges	<u>(1,488,481)</u>
Total non-operating revenues (expenses)	<u>(537,107)</u>

Loss before captial contributions	(483,719)
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Capitla contributions	<u>992,639</u>
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Change in net position	508,920
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Net Position as Previously Reported	69,594,816
Change in Accounting Principle (GASB Statement 101)	<u>(349,915)</u>
Net Position Beginning of Year as Restated	<u>69,244,901</u>

Net Position End of Year	\$ <u><u>69,753,821</u></u>
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See notes to financial statements.

CITY OF HAMILTON, OHIO - WATER SYSTEM
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities:

Cash received from customers	\$ 18,459,820
Cash paid for employee services and benefits	(4,701,555)
Cash paid to suppliers for goods and services	<u>(9,862,776)</u>
Net cash from operating activities	<u>3,895,489</u>

Cash flows from capital and related financing activities:

Capital contributions	3,992,639
Payment for capital acquisitions	(4,020,637)
Note issuance	15,000,000
Premium on debt issuance	133,500
Note retirement	(15,000,000)
Revenue bond principal retirement	(1,005,000)
OWDA loan principal retirement	(44,397)
OPWC loan proceeds	1,564,180
OPWC loan principal retirement	(249,407)
Debt interest payments	<u>(1,710,474)</u>
Net cash from capital and related financing activities	<u>(1,339,596)</u>

Cash flows from investing activities:

Interest from investments and change in fair value of investments	<u>933,425</u>
Net change in cash and cash equivalents	3,489,318
Cash and cash equivalents at beginning of year	<u>23,070,304</u>
Cash and cash equivalents at end of year	<u>\$ 26,559,622</u>

**Reconciliation of operating income to net cash
from operating activities**

Operating income	\$ 53,388
Adjustments to reconcile operating income to net cash from operating activities:	
Depreciation	3,636,664
Change in deferred outflows-pension and OPEB	946,521
Change in deferred inflows-pension and OPEB	(34,744)
Changes in assets and liabilities:	
(Increase) decrease in receivables	183,160
(Increase) decrease in inventory	(46,594)
(Increase) decrease in prepaid items	(18,014)
Increase (decrease) in customer deposits payable	30,875
Increase (decrease) in payables	83,381
Increase (decrease) in accrued liabilities	90,934
Increase (decrease) in intergovernmental payables	(14,854)
(Increase) decrease in net OPEB asset	(165,343)
Increase (decrease) in net pension liability	(737,898)
Increase (decrease) in net OPEB liability	(117,863)
Increase (decrease) in total OPEB liability	<u>5,876</u>
Net cash from operating activities	<u>\$ 3,895,489</u>

Schedule of noncash activities:

Outstanding liabilities for purchase of certain capital assets	<u>\$ 485,498</u>
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See notes to financial statements.

CITY OF HAMILTON, OHIO – WATER SYSTEM

Notes to Financial Statements Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Water System (Water System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Water System is controlled by and is dependent on the City's executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Water System's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Water System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Water System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Water System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Water System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Bond Premiums and Discounts – Unamortized bond premiums and discounts are amortized on the interest method over the term of the related bonds. Amortization of bond discounts was \$639 during 2024 and amortization of bond premiums was \$129,085 during 2024.

Compensated Absences - Employees of the Water System earn vacation leave at various rates within limits specified under collective bargaining agreements or under ordinance. Vacation earned in a calendar year must be used during that year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the City Manager. At termination or retirement, employees are paid at their then full rate for 100% of their unused vacation leave. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or City ordinance. Employees hired before 1990 are paid 75% of the accumulated sick time upon retirement or death up to a maximum of 1,200 hours for employees whose normal work schedule is 40 hours per week, and up to 1,680 hours for those working a 51 hour week. Those individuals that commenced employment on or after January 1, 1990, will be paid 50%, and those individuals that commenced employment on or after January 1, 1994 will be paid 25% of the accumulated sick leave upon death or retirement. Compensation for sick leave is paid at the employee's then full rate of pay at the time of termination or retirement.

GASB Statement No. 101, "*Compensated Absences*", requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability. Accrued vacation and sick leave are accumulated to Water System employees at varying amounts and are attributable to services already rendered. At the time of the employee's termination, such accruals are paid to the employee at varying rates from the fund to which the employee's payroll is charged.

Pension/OPEB – The provision for pension/other postemployment benefits (OPEB) cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension and OPEB assets and liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Water System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt 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. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 8 and 9.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Water System, deferred inflows of resources include pension/OPEB (see Notes 8 and 9).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Water System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Water System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Water System totaled \$26,041,769 at December 31, 2024 and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio). Cash and investments held by trustees were \$517,853 at December 31, 2024.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2024, approximately 85% of the City’s deposits with financial institutions, including the amount of pooled deposits related to the Water System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Water System’s uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Water Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

The City’s pooled investments, as well as the investments held by trustees specifically for the Water System, are invested primarily in U.S. governmental agency securities with a credit rating of AA+ and an average maximum maturity of 0.85 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2024 consist of the following:

Earned and unbilled consumer accounts	\$	1,327,382
Earned and billed consumer accounts		946,729
Other		4,355
Less allowance for uncollectible accounts		<u>(325,932)</u>
Total	\$	<u><u>1,952,534</u></u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets were \$1,517,853 at December 31, 2024.

5. CAPITAL ASSETS

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

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
<i>Nondepreciable capital assets:</i>				
Land	\$ 2,487,106	\$ -	\$ -	\$ 2,487,106
Construction in progress	6,414,125	2,385,529	(1,833,354)	6,966,300
Subtotal	8,901,231	2,385,529	(1,833,354)	9,453,406
<i>Capital assets being depreciated:</i>				
Buildings and improvements	26,786,360	-	-	26,786,360
Machinery and equipment	146,696,727	3,804,268	(65,826)	150,435,169
Subtotal	173,483,087	3,804,268	(65,826)	177,221,529
Totals at historical cost	182,384,318	6,189,797	(1,899,180)	186,674,935
Less accumulated depreciation:				
Buildings and improvements	21,457,046	763,978	-	22,221,024
Machinery and equipment	62,960,773	2,872,686	(53,923)	65,779,536
Total accumulated depreciation	84,417,819	3,636,664	(53,923)	88,000,560
Capital assets, net	\$ 97,966,499	\$ 2,553,133	\$ (1,845,257)	\$ 98,674,375

6. NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of twenty years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The Water System issued notes payable of \$15,000,000 in 2024 which bear interest at 4.0% and mature in December 2025.

	Balance 1/1/24	Additions	Reductions	Balance 12/31/24
4.50% Water Improvements	\$ 15,000,000	\$ -	\$ (15,000,000)	\$ -
4.00% Water Improvements	-	15,000,000	-	15,000,000
	<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ (15,000,000)</u>	<u>\$ 15,000,000</u>

7. LONG TERM DEBT

In September 2015, the Water System issued \$11,700,000 of water revenue refunding bonds to refund Series 2002 mortgage revenue bonds. The Series 2015 bonds fully mature in 2044 and bear interest of 4.4 to 5.25 percent per annum.

In 2016, the Water System entered into a direct borrowing agreement with Ohio Water Development Authority (OWDA), as administrator for the U.S. Environmental Protection Agency (EPA), for the Water System to receive a loan for a water main replacement at River Road. The interest rate on the loan is 1.33 percent per annum. As of December 31, 2024, the outstanding balance of the loan is \$634,049.

In 2016, the Water System obtained financing through Ohio Public Works Commission (OPWC) direct borrowing for a water main replacement at Pershing Avenue with a 0 percent interest rate. This loan is payable from water utility charges. As of December 31, 2024, the outstanding balance of the loan is \$587,454.

In 2016, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Arlington Avenue at an interest rate of 0 percent. This loan is received by the Water System in increments as the project is completed. As of December 31, 2024, the outstanding balance of the loan is \$502,160.

In 2017, the Water System obtained financing through OPWC direct borrowing for a water main replacement at State Route 4 at an interest of 0 percent. This loan is payable from water utility charges. As of December 31, 2024, the outstanding balance of the loan is \$350,776.

In April 2018, the Water System currently refunded the 2017 Notes through the issuance of \$5,625,000 of Series 2018 Water System Refunding Revenue Bonds. These bonds fully mature in 2029 and bear interest of 4.0 percent per annum.

In August 2018, the Water System issued \$2,965,000 of Series 2018 Water System Revenue Bonds to fund water main replacements and other necessary improvements. These bonds fully mature in 2048 and bear interest between 3.0 to 4.0 percent per annum.

In 2018, the Water System obtained financing through OPWC direct borrowing for a water main replacement at Southern Hills at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2024, the outstanding balance of the loan is \$1,541,373.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main loop project at the Bilstein plant at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2024, the outstanding balance of the loan is \$202,318.

In 2019, the Water System obtained financing through OPWC direct borrowing for a water main replacement at North Third Street an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2024, the outstanding balance of the loan is \$1,359,626.

In November 2019, the Water System defeased \$8,915,000 of the Series 2009B Taxable Water System Build America Revenue Bonds through the issuance of \$8,075,000 of Water System Mortgage Revenue Refunding Bonds. These bonds fully mature in 2039 and bear interest between 3.0 to 4.0 percent per annum. The net proceeds of the Series 2019 bonds have been used to currently refund the Series 2009B bonds.

Also in November 2019, the Water System issued \$1,800,000 of Series 2019 Water System Mortgage Revenue Bonds for water main replacements and other necessary improvements. These bonds fully mature in 2049 and bear interest between 3.0 to 4.0 percent annum.

In 2020, the Water System obtained financing through OPWC direct borrowing for a water main replacement in the Highland Park area at an interest rate of 0 percent. This loan is payable from water utility charges. As of December 31, 2024, the outstanding balance of the loan is \$1,944,559.

In 2024, the Water System obtained financing through OPWC direct borrowing for water improvements at Millville Avenue at an interest rate of 0 percent. This loan is received by the Water System in increments as the project is completed. As of December 31, 2024, the outstanding balance of the loan is \$1,564,180. Subsequent amounts will be received in future years.

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

	<i>Restated</i> Balance 1/1/24	Additions	Reductions	Balance 12/31/24	Due Within One Year
Series 2015 Refunding Bonds	\$ 9,330,000	\$ -	\$ (335,000)	\$ 8,995,000	\$ 345,000
Series 2018 Refunding Bonds	3,630,000	-	(545,000)	3,085,000	570,000
Series 2018 Revenue Bonds	2,665,000	-	(65,000)	2,600,000	70,000
Series 2019 Refunding Bonds	7,965,000	-	(20,000)	7,945,000	25,000
Series 2019 Revenue Bonds	1,665,000	-	(40,000)	1,625,000	40,000
Less deferred amount:					
for issuance premiums	1,764,951	-	(129,085)	1,635,866	-
for issuance discounts	(16,625)	-	639	(15,986)	-
<i>Direct borrowings:</i>					
OWDA Loan-River Road	678,446	-	(44,397)	634,049	44,989
OPWC Loan- Pershing Ave	612,452	-	(24,998)	587,454	24,998
OPWC Loan-Arlington Ave	521,853	-	(19,693)	502,160	19,693
OPWC Loan-SR 4	365,094	-	(14,318)	350,776	14,318
OPWC Loan-Southern Hills	1,601,819	-	(60,446)	1,541,373	60,446
OPWC Loan-Bilstein Loop	210,252	-	(7,934)	202,318	7,934
OPWC Loan-N. Third Street	1,410,933	-	(51,307)	1,359,626	51,307
OPWC Loan-Highland Park	2,015,270	-	(70,711)	1,944,559	70,711
OPWC Loan-Millville Avenue	-	1,564,180	-	1,564,180	-
Compensated absences*	970,950	6,614	-	977,564	408,800
	<u>\$ 35,390,395</u>	<u>\$ 1,570,794</u>	<u>\$ (1,427,250)</u>	<u>\$ 35,533,939</u>	<u>\$ 1,753,196</u>

* The change in compensated absences above is a net change for the year.

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under a municipal bond insurance policy. Under the terms of this policy, the payments of principal and interest are guaranteed by the insurer.

The Water Utility revenue bonds are payable from the net revenue derived from operations of the water utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2029, 2039, 2044, 2048, and 2049. In 2024 the Water Fund reported \$4,653,329 of net pledged revenues for coverage of a principal and interest debt service requirement of \$2,044,950.

Maturities of revenue bonds at December 31, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,050,000	\$ 1,002,263	\$ 2,052,263
2026	1,095,000	962,850	2,057,850
2027	1,130,000	919,950	2,049,950
2028	1,175,000	875,219	2,050,219
2029	1,220,000	826,794	2,046,794
2030-2034	6,160,000	3,358,357	9,518,357
2035-2039	7,450,000	1,947,362	9,397,362
2040-2044	3,925,000	650,752	4,575,752
2045-2049	<u>1,045,000</u>	<u>98,363</u>	<u>1,143,363</u>
Total	<u>\$ 24,250,000</u>	<u>\$ 10,641,910</u>	<u>\$ 34,891,910</u>

Maturities of the *completed* direct borrowing OWDA and OPWC loans as of December 31, 2024 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 294,396	\$ 8,284	\$ 302,680
2026	294,996	7,683	302,679
2027	295,604	7,075	302,679
2028	296,221	6,459	302,680
2029	296,845	5,834	302,679
2030-2034	1,493,893	19,503	1,513,396
2035-2039	1,403,191	3,655	1,406,846
2040-2044	1,247,022	-	1,247,022
2045-2049	1,202,367	-	1,202,367
2049-2052	<u>297,780</u>	<u>-</u>	<u>297,780</u>
Total	<u>\$ 7,122,315</u>	<u>\$ 58,493</u>	<u>\$ 7,180,808</u>

8. DEFINED BENEFIT PENSION PLANS

The Water System contributes to the Ohio Public Employees Retirement System.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

Plan Description. Water System employees 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.

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

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

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

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

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

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 initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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%. 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%.

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% 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 lumpsum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions for 2024 as follows:

Statutory Maximum Contribution Rates

Employer	14.0 %
Employee	10.0 %

Actual Contribution Rates

Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
	<hr/>
Total Employer	14.0 %
	<hr/>
Employee	10.0 %
	<hr/>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Water System's contractually required contributions were \$442,195 for 2024. Of this amount, \$24,134 was reported as an intergovernmental payable in 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water System's proportion of the net pension liability was based on the Water System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	\$ 4,637,375
Proportion of the Net Pension Liability	0.0177131%
Change in Proportion	-0.0004834%
Pension Expense	\$ 1,120,574

At December 31, 2024, the Water System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$ 936,020
Differences between expected and actual experience	75,794
Water System contributions subsequent to the measurement date	<u>442,195</u>
Total Deferred Outflows of Resources	<u>\$ 1,454,009</u>

Deferred Inflows of Resources

Water System change in proportionate share	<u>\$ 72,424</u>
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\$442,195 reported as deferred outflows of resources related to pension resulting from the Water System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025.

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

Year Ending December 31:

2025	\$	75,994
2026		179,885
2027		256,549
2028		<u>426,962</u>
Total	\$	<u><u>939,390</u></u>

Actuarial Assumptions. 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.

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.

	<u>December 31, 2023</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation	2.75 to 10.75% including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2024, then 2.05% simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2022</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation	2.75 to 10.75% including wage inflation
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2023, then 2.05% simple
Investment Rate of Return	6.9%
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 Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% 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%	2.85%
Domestic Equities	21%	4.27%
Real Estate	13%	4.46%
Private Equity	15%	7.52%
International Equities	20%	5.16%
Risk Parity	2%	4.38%
Other Investments	5%	3.46%
	<u>100%</u>	

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Water System's proportionate share of the net pension liability	\$ 7,300,589	\$ 4,637,375	\$ 2,422,488

9. DEFINED BENEFIT OPEB PLANS

The Water System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/(asset). Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate 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 credit with at least 20 years of qualified health care service credit;

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

Group C 32 years of total service 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; or

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 65 if they have at least 20 years of qualifying service.

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code provides the statutory authority requiring 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 health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by 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 2.0% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0%. 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 Water System's contractually required contributions was \$0 for 2024.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB 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. The Water System's proportion of the net OPEB asset was based on the Water System'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:

Proportionate Share of the Net OPEB Asset	\$ 165,343
Proportion of the Net OPEB Asset	0.0183201%
Change in Proportion	-0.0003729%
OPEB Expense	\$ (22,489)

At December 31, 2024, the Water System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on OPEB plan investments	\$ 99,296
Changes in assumptions	<u>42,566</u>
Total Deferred Outflows of Resources	<u>\$ 141,862</u>

Deferred Inflows of Resources

Changes in assumptions	\$ 71,075
Differences between expected and actual experience	<u>23,533</u>
Total Deferred Inflows of Resources	<u>\$ 94,608</u>

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:

2025	\$ (4,195)
2026	7,687
2027	77,290
2028	<u>(33,528)</u>
Total	<u>\$ 47,254</u>

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

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

Wage Inflation	2.75%
Projected Salary Increases, including inflation	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	6.00%
Municipal Bond Rate	
Current measurement period	3.77%
Prior measurement period	4.05%
Health Care Cost Trend Rate:	
Current measurement period	5.5%, initial 3.5%, ultimate in 2038
Prior measurement period	5.5%, initial 3.5%, 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 14.0% for 2023.

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

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

Discount Rate. A single discount rate of 5.70% was used to measure the 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 reflect (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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77% (Fidelity Index's "20-Year Municipal GO AA Index").

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 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Water System's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate. The following table presents the Water System's proportionate share of the net OPEB asset calculated using the single discount rate of 5.70%, as well as what the Water System's proportionate share of the net OPEB asset if it were calculated using a discount rate that is 1.0 percentage point lower (4.70%) or 1.0 percentage point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Water System's proportionate share of the net OPEB asset (liability)	\$ (90,820)	\$ 165,343	\$ 377,378

Sensitivity of the Water System'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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Water System's proportionate share of the net OPEB asset	\$ 172,118	\$ 165,343	\$ 157,470

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Water System's contractually required contributions were \$10,699 for 2024.

At December 31, 2024, the number of plan-wide active participants and retirees were 619 and 652, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan were determined by an actuarial valuation as of December 31, 2024. Following is information related to the changes in total OPEB liability:

Total OPEB Liability, beginning of year	\$ 150,959
Service cost	1,739
Interest	5,535
Difference between expected and actual experience	14,485
Changes in assumptions	(5,184)
Benefit payments	<u>(10,699)</u>
Total OPEB Liability, end of year	<u>\$ 156,835</u>
Retiree Life Insurance Plan OPEB expense	(\$29,686)

At December 31, 2024, the Water System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

Deferred Outflows of Resources

Changes in assumptions	\$ 2,538
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Outflows of Resources	<u>\$ 15,646</u>

Deferred Inflows of Resources

Changes in assumptions	\$ 76,158
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Inflows of Resources	<u>\$ 89,266</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:

2025	\$ (31,814)
2026	(26,724)
2027	(16,296)
2028	<u>1,214</u>
Total	<u>\$ (73,620)</u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement:

Single Discount Rate:

Current measurement date	4.10%
Prior measurement date	3.80%

Actuarial Cost Method Entry Age Normal

Mortality Rates:

Non-Disabled	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 4.10% was used to measure the total OBEB liability on the measurement date of December 31, 2024. A single discount rate of 3.80% was used to measure the total OPEB liability on the measurement date of December 31, 2023. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Water System's Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.10%) and one-percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 174,649	\$ 156,835	\$ 141,950

10. CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the City involving the Water System. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the financial position of the Water System.

11. RELATED PARTY TRANSACTIONS

The Water System purchases electricity from the City's Electric System. Purchases of \$1,242,395 from the Electric System are included in operating expenses in 2024.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds which provide services to various City departments. Charges to the Water System for these services were approximately \$3,521,000 in 2024 and are included in operating expenses.

12. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Water System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

13. CONTRACTUAL COMMITMENTS

At December 31, 2024, the Water System had contractual commitments in the amounts of approximately \$9,081,000 related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the Water System operations.

14. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

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

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

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

The implementation of GASB Statement 101 had the following effect on net position as reported December 31, 2023:

Net Position, December 31, 2023 as Reported	\$ 69,594,816
Adjustments:	
Change in Compensated Absences	<u>(349,915)</u>
Restated Net Position, December 31, 2023	\$ <u><u>69,244,901</u></u>

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Water System's Proportion of the Net Pension Liability	Water System's Proportionate Share of the Net Pension Liability	Water System's Covered Payroll	Water System'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
2015	0.0167181%	\$ 2,016,384	\$ 2,074,942	97.18%	86.45%
2016	0.0143774%	2,490,354	1,811,517	137.47%	81.08%
2017	0.0150846%	3,425,456	1,876,583	182.54%	77.25%
2018	0.0163838%	2,570,300	2,137,177	120.27%	84.66%
2019	0.0163025%	4,464,933	2,208,571	202.16%	74.70%
2020	0.0184476%	3,646,293	2,296,071	158.81%	82.17%
2021	0.0186099%	2,755,716	2,630,129	104.77%	86.88%
2022	0.0189473%	1,648,494	2,666,343	61.83%	92.62%
2023	0.0181966%	5,375,273	2,764,443	194.44%	75.74%
2024	0.0177131%	4,637,375	2,963,136	156.50%	79.01%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 217,382	\$ (217,382)	\$ -	\$ 1,811,517	12.00%
2016	225,190	(225,190)	-	1,876,583	12.00%
2017	277,833	(277,833)	-	2,137,177	13.00%
2018	309,200	(309,200)	-	2,208,571	14.00%
2019	321,450	(321,450)	-	2,296,071	14.00%
2020	368,218	(368,218)	-	2,630,129	14.00%
2021	373,288	(373,288)	-	2,666,343	14.00%
2022	387,022	(387,022)	-	2,764,443	14.00%
2023	414,839	(414,839)	-	2,963,136	14.00%
2024	442,195	(442,195)	-	3,158,536	14.00%

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST EIGHT MEASUREMENT PERIODS**

	Water System's Proportion of the Net OPEB Liability/(Asset)	Water System's Proportionate Share of the Net OPEB Liability/(Asset)	Water System's Covered Payroll	Water System'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
2017	0.0155452%	\$ 1,570,118	\$ 1,876,583	83.67%	54.05%
2018	0.0165753%	1,799,953	2,137,177	84.22%	54.14%
2019	0.0165130%	2,152,902	2,208,571	97.48%	46.33%
2020	0.0187550%	2,590,559	2,296,071	112.83%	47.80%
2021	0.0190200%	(338,857)	2,630,129	(12.88%)	115.57%
2022	0.0194020%	(607,701)	2,666,343	(22.79%)	128.23%
2023	0.0186930%	117,863	2,764,443	4.26%	94.79%
2024	0.0183201%	(165,343)	2,963,136	(5.58%)	107.76%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Water System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 37,532	\$ (37,532)	\$ -	\$ 1,876,583	2.00%
2017	21,372	(21,372)	-	2,137,177	1.00%
2018	-	-	-	2,208,571	0.00%
2019	-	-	-	2,296,071	0.00%
2020	-	-	-	2,630,129	0.00%
2021	-	-	-	2,666,343	0.00%
2022	-	-	-	2,764,443	0.00%
2023	-	-	-	2,963,136	0.00%
2024	-	-	-	3,158,536	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST EIGHT YEARS**

	Water System's Proportion Total OPEB Liability	Water System's Covered- Employee Payroll	Water System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 2,137,177	12.97%
2018	265,451	2,208,571	12.02%
2019	300,592	2,296,071	13.09%
2020	326,308	2,630,129	12.41%
2021	336,373	2,666,343	12.62%
2022	250,551	2,764,443	9.06%
2023	150,959	2,963,136	5.09%
2024	156,835	3,158,536	4.97%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	2024	2023	2022	2021
Beginning Total OPEB Liability	\$ 150,959	\$ 250,551	\$ 336,373	\$ 326,308
Service Cost	1,739	2,496	4,811	4,488
Interest	5,535	9,782	5,894	6,348
Difference between expected and actual experience	14,485	(21,192)	(1,700)	7,812
Changes in assumptions	(5,184)	(78,542)	(76,850)	9,313
Benefit payments	(10,699)	(12,136)	(17,977)	(17,896)
Ending Total OPEB Liability	<u>\$ 156,835</u>	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>

	2020	2019	2018
Beginning Total OPEB Liability	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	3,676	2,937	3,100
Interest	8,028	9,762	9,412
Difference between expected and actual experience	4,383	6,383	3,947
Changes in assumptions	27,073	33,317	(11,462)
Benefit payments	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2015-2024.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

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

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

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

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

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

CITY OF HAMILTON - WATER SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2024.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.

2024: The single discount rate changed from 3.80% to 4.10%.



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS



CITY OF HAMILTON, OHIO – GAS SYSTEM
BUTLER COUNTY
FINANCIAL AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of Council
City of Hamilton, Ohio:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Hamilton, Ohio - Gas System, an enterprise fund of the City of Hamilton, Ohio (the Gas System), as of and for the year ended December 31, 2024 and the related notes to the 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 financial position of the Gas System as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Gas System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1, the financial statements present only the Gas System and do not purport to, and do not present fairly the financial position of the City of Hamilton, Ohio as of December 31, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Gas System'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.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Gas System'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 Gas System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2025

City of Hamilton, Ohio

Gas System

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

The discussion and analysis of the City of Hamilton, Ohio's Gas System's financial performance provide an overall review of that system's financial activities for the year ended December 31, 2024. While the intent of this discussion and analysis is to look at the system's financial performance, readers should also review the Statements of Net Position, Revenues, Expenses and Changes in Net Position, and Cash Flows to enhance their understanding of the system's fiscal performance.

Financial Highlights

Key highlights for 2024 is as follows:

- ❑ The assets and deferred outflow of resources of the Hamilton Gas System exceeded its liabilities and deferred inflows of resources at the close of 2024 by \$29,310,671 (net position). Of this amount, \$2,464,876 (unrestricted net position) is available to meet the system's ongoing obligations to customers and creditors.
- ❑ The system's total net position decreased by \$138,749 between 2024 and 2023, representing 0.5% decrease.
- ❑ In 2024, the Gas System's total long-term debt decreased during 2024 by \$665,000 to \$3,200,000 due to making annual debt service payments.

Gas System Summary

The City has owned and operated a natural gas utility system since 1890. It is currently the largest municipal gas distribution operation in Ohio and serves approximately 23,810 customers located in the City and the immediate environs through approximately 285 miles of pipe. The City purchases natural gas from a supplier, then resells the gas to residential and general service (commercial and industrial) customers. The City also provides distribution delivery service to customers who have contracted with either the City or a natural gas supplier.

The Gas System provides full service (acquisition of gas supply, transportation of the gas supply to the City's interconnections and distribution of gas supply from the City's interconnections to the customer meter) and distribution delivery service (distribution delivery of the gas arranged for by, or on behalf of, the customer from the City's interconnections to the customer's meter.) Currently, the Gas System provides full service to residential and general service customers.

There are no franchise service territories for natural gas utilities in Ohio and the City is not prohibited from providing gas service in areas outside its corporate limits. Under the Ohio Constitution, however, the City's gas utility sales outside the corporate limits may not exceed 50% of the total service supplied within the City's corporate limits. Currently, less than 1% of the City's total gas sales are to customers located outside the City's corporate limits.

City of Hamilton, Ohio

Gas System

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

This annual report consists only of the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows as well as Notes to the Financial Statements for the City of Hamilton, Ohio's Gas System for the year ended December 31, 2024.

Reporting Hamilton's Gas System (Whole and Significant Fund)

The financial statements contained within this report include the City of Hamilton, Ohio's Gas System *only*. Readers desiring to view city-wide financial statements, as well as the impact that the Gas System has on the City's overall financial position and operating results, should refer to the City's Basic Financial Statements appearing in the Annual Comprehensive Financial Report for 2024. The City of Hamilton's Gas System is reported as a business-type, enterprise fund and is considered a major fund for purposes of individual fund reporting. Payments made from the Gas Fund are restricted to Gas System purposes by municipal ordinance, Ohio Revised Code and indentures issued pursuant to long-term financing.

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, the view of the system looks at all financial transactions of the Gas Fund and asks the question, "How did we do financially during 2024?" These statements provide answers to that question. The statements include all assets, deferred outflow of resources, liabilities, and deferred inflows of resources of the System using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the System's net position and the changes in the net positions. The change in net position is important because it tells the reader whether, for the System, the financial position of the City has improved or diminished. However, in evaluating this position, non-financial information including the condition of capital assets will also need to be evaluated. The Notes to the Gas System's Financial Statements provide additional information that is essential to a full understanding of the data provided.

The System provides services that have a charge based upon the amount of usage. The City's Gas System charges fees to recoup the cost of the entire operation of the Gas System as well as all capital expenses associated with these facilities.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. In the case of the Gas Fund, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$29,310,671 as of December 31, 2024. By far the largest portion of the net position of the Gas System reflect its investment in capital assets (e.g. land, buildings, improvements, construction in progress, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The ratios of net investment in capital assets to total net position are as follows: 84% for 2024 and 88% for 2023. The System employs these assets in the delivery of natural gas to customers; consequently, these assets are not readily available for future spending. The System's investment in its capital assets is reported net of related debt and the resources needed to repay these debts must be provided from other sources, primarily the revenues of the System, since the capital assets themselves cannot be used to liquidate the liabilities.

City of Hamilton, Ohio

Gas System

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

Table 1 provides a summary of the Gas System's Statement of Net Position for the Years Ended December 31, 2024 and 2023:

	2024	2023
Current and other assets	\$ 9,277,556	\$ 7,937,242
Capital assets	27,876,263	29,823,071
Total assets	<u>37,153,819</u>	<u>37,760,313</u>
Deferred outflows of resources	1,102,399	1,744,359
Long-term liabilities:		
Net pension liability	2,898,495	3,403,015
OPEB liabilities	145,633	225,578
Other long-term amounts	2,822,152	3,327,348
Other liabilities	<u>2,885,266</u>	<u>2,651,025</u>
Total liabilities	<u>8,751,546</u>	<u>9,606,966</u>
Deferred inflows of resources	194,001	229,392
Net investment in capital assets	24,742,453	26,073,506
Restricted	2,103,342	2,000,000
Unrestricted	<u>2,464,876</u>	<u>1,594,808</u>
Total net position	<u>\$ 29,310,671</u>	<u>\$ 29,668,314</u>

The net pension liability (NPL) is reported by the Gas System 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) are reported by the Gas System 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 Gas System's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the total OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

The following discussion pertains to the net pension and net OPEB asset and liabilities reported in the Gas System's financial statements as a result of the Gas System's participation in the Ohio Public Employee's Retirement System. The total OPEB liability reported in the Gas System's financial statements reflects OPEB benefits provided by the Gas System through a Retiree Life Insurance plan. See Note 8 for more information on this plan.

City of Hamilton, Ohio

Gas System

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

GASB Statement No. 68 and GASB Statement No. 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 Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability/(asset) to equal the Gas System's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Gas System 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/(asset) are satisfied, the asset and liabilities are separately identified within the long-term sections of the statement of net position.

City of Hamilton, Ohio

Gas System

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

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Gas System's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

As of December 31, 2024, the Gas System was able to report a positive balances in net position of \$29,310,671. In 2024, the Gas System reported a decrease in net position of \$138,749. In 2024, the Gas System reported an operating loss of \$224,285. Net operating loss of \$1,315,499 decreased \$1,091,214 from 2023 to 2024. The net operating loss was smaller than last year primarily a result of an increase in customer rates that went into effect in April 2024, while expenses were consistent with the prior year.

Statements of Revenues, Expenses and Changes in Net Position

	2024	2023
Operating revenues	\$ 17,680,506	\$ 16,183,246
Operating expenses:		
Purchased gas	6,770,117	6,377,126
Depreciation	2,285,375	2,251,076
Other operating expenses	8,849,299	8,870,543
Total operating expenses	<u>17,904,791</u>	<u>17,498,745</u>
Operating income (loss)	(224,285)	(1,315,499)
Non-Operating revenues (expenses)		
Interest and fiscal charges	(134,557)	(150,311)
Loss on disposal of capital assets	-	(4,664)
Other non-operating revenues	220,093	262,751
Total non-operating revenues	<u>85,536</u>	<u>107,776</u>
Change in net position	(138,749)	(1,207,723)
Net Position as Previously Reported	29,668,314	-
Change in Accounting Principle (GASB Statement 101)	(218,894)	-
Net Position Beginning of Year as Restated	<u>29,449,420</u>	<u>30,876,037</u>
Net Position End of Year	<u>\$ 29,310,671</u>	<u>\$ 29,668,314</u>

Capital Assets and Debt Administration

Capital Assets: The City's net investment in capital assets of the Gas System as of December 31, 2024 decreased to \$24.7 million, (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, construction in progress, and machinery and equipment. Significant capital activity during the year included gas main and meter replacements.

City of Hamilton, Ohio

Gas System

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

Note 5 (Capital Assets) provides Gas System capital asset activity during 2024.

Debt Administration: At the end of 2024, the Gas System had two outstanding long-term revenue bond issues. The 2017 Gas System Revenue Refunding and Improvement Bonds, which had an outstanding balance of \$1,865,000 as of December 31, 2024, was issued to refund the Series 2009 Revenue bonds and provided \$1,960,000 in new financing for Gas System improvements. The 2018 Gas System Revenue Improvement Bonds of \$1,335,000 were issued in August 2018 to provide funding for the Lindenwald gas main replacement project.

See Note 6 for a discussion of outstanding Gas System bonds and related activity.

Economic Factors and Future Trends

The City's Gas System is continually monitoring the cost of natural gas. Due to high volatility in the cost of natural gas, the City is required by both ordinance and indentures to pass through these gas costs to its customers via the gas cost recovery charge (GCR). The GCR averaged a credit of \$0.01062/Ccf for 2024. The City utilizes fixed price contracts for natural gas to help mitigate the natural gas prices for its customers. The overall number of customers has remained relatively steady while, like most gas systems, the usage per residential customer has continued to slowly decline as a result of improved efficiency of appliances.

In September 2011, City Council adopted an ordinance, creating the Natural Gas Residential Service Line Maintenance (RSLM) Program and Rider C for the Gas System. The RSLM and Rider C charges apply only to the City's residential gas accounts. The RSLM and funds collected through Rider C are earmarked for two separate and distinct activities: the replacement of Design A (field-assembled risers), in compliance with a Public Utilities Commission of Ohio (PUCO) Statewide order, and the assumption of the maintenance responsibility of gas service lines to residential customers by the City. The riser replacement portion of the RSLM was scheduled to be a five-year program, with a corresponding five-year collection period through Rider C. Beginning with the rates adopted in December 2017, all riser replacement costs are being collected in the base gas service rates to more accurately reflect the cost of service. Furthermore, the Rider C charge was set to zero at the time of the first step of the two-year plan in 2018. In March 2024, City Council adopted a five-year rate plan consisting of annual rate increases each April 1 for 2024 through 2028.

The City continues to monitor potential threats to supply and the City's Gas System. The City maintains an A1 bond rating with a stable outlook for its Gas System and its Gas System Revenue Bonds.

Requests for Information

This financial report is designed to provide our citizens, customers, taxpayers, creditors, investors and elected officials with an overview of the City of Hamilton, Ohio's Gas System's finances and to show accountability for the money the system receives. If you have any questions about this report or need additional information, contact the City of Hamilton Finance Department, 345 High Street, Hamilton, Ohio 45011, (513) 785-7170, or visit the City website at www.hamilton-city.org.

CITY OF HAMILTON, OHIO – GAS SYSTEM
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS

Current assets:

Cash and investments	\$ 3,298,724
Accounts receivable (less allowance for uncollectible accounts of \$434,315)	3,456,701
Interest receivable	19,997
Inventory of supplies at cost	196,880
Prepaid expenses	201,912
Total current assets	<u>7,174,214</u>

Restricted assets:

Cash and investments	<u>2,000,000</u>
Total restricted assets	<u>2,000,000</u>

Noncurrent assets:

Net OPEB asset	103,342
Nondepreciable capital assets	2,358,006
Depreciable capital assets, net	<u>25,518,257</u>
Total noncurrent assets	<u>27,979,605</u>

Total assets	<u>37,153,819</u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on debt refunding	89,285
Pension	908,799
OPEB	<u>104,315</u>
Total deferred outflows of resources	<u>1,102,399</u>

LIABILITIES

Current liabilities:

Accounts payable	1,162,517
Accrued wages and benefits	128,993
Intergovernmental payable	27,492
Accrued interest payable	20,003
Customer deposits payable	568,420
Compensated absences payable-current	281,639
Revenue bonds payable-current	685,000
Total OPEB liability-current	<u>11,202</u>
Total current liabilities	<u>2,885,266</u>

Noncurrent liabilities:

Compensated absences payable	307,152
Revenue bonds payable	2,515,000
Net pension liability	2,898,495
Total OPEB liability	<u>145,633</u>
Total noncurrent liabilities	<u>5,866,280</u>

Total liabilities	<u>8,751,546</u>
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DEFERRED INFLOWS OF RESOURCES

Pension	45,602
OPEB	<u>148,399</u>
Total deferred inflows of resources	<u>194,001</u>

NET POSITION

Net investment in capital assets	24,742,453
Restricted for OPEB	103,342
Restricted for rate stabilization	2,000,000
Unrestricted	<u>2,464,876</u>
Total net position	<u>\$ 29,310,671</u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2024

Operating revenues:

Charges for services	\$ 17,560,447
Other operating revenues	<u>120,059</u>
Total operating revenues	<u>17,680,506</u>

Operating expenses:

Personal services	2,904,770
Materials and supplies	243,934
Contractual services	1,458,322
Purchased gas	6,770,117
Depreciation	2,285,375
Other operating expenses	<u>4,242,273</u>
Total operating expenses	<u>17,904,791</u>

Operating loss (224,285)

Non-operating revenues (expenses):

Investment earnings	220,093
Interest and fiscal charges	<u>(134,557)</u>
Total non-operating revenues (expenses)	<u>85,536</u>

Change in net position (138,749)

Net Position as Previously Reported	29,668,314
Change in Accounting Principle (GASB Statement 101)	<u>(218,894)</u>
Net Position Beginning of Year as Restated	<u>29,449,420</u>
Net Position End of Year	\$ <u><u>29,310,671</u></u>

See notes to financial statements.

CITY OF HAMILTON, OHIO - GAS SYSTEM
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities:

Cash received from customers	\$ 17,377,442
Cash paid for employee services and benefits	(2,932,622)
Cash paid to suppliers for goods and services	<u>(12,648,921)</u>
Net cash from operating activities	<u>1,795,899</u>

Cash flows from capital and related financing activities:

Payments for capital acquisition	(336,380)
Debt principal payments	(665,000)
Debt interest payments	<u>(108,248)</u>
Net cash from capital and related financing activities	<u>(1,109,628)</u>

Cash flows from investing activities:

Interest from investments and change in fair value of investments	<u>210,915</u>
Net change in cash and investments	897,186
Cash and investments at beginning of year	<u>4,401,538</u>
Cash and investments at end of year	<u>\$ 5,298,724</u>

Reconciliation of operating loss to net cash
from operating activities

Operating loss	\$ (224,285)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	2,285,375
Change in deferred outflows-pension and OPEB	612,200
Change in deferred inflows-pension and OPEB	(35,391)
Changes in Assets and Liabilities:	
(Increase) decrease in receivables	(303,064)
(Increase) decrease in inventory	(8,702)
(Increase) decrease in prepaid items	(18,842)
Increase (decrease) in customer deposits payable	(11,858)
Increase (decrease) in payables	98,333
Increase (decrease) in accrued liabilities	87,744
Increase (decrease) in intergovernmental payables	(9,006)
(Increase) decrease in net OPEB asset	(103,342)
Increase (decrease) in net pension liability	(504,520)
Increase (decrease) in net OPEB liability	(74,619)
Increase (decrease) in total OPEB liability	<u>5,876</u>
Net cash from operating activities	<u>\$ 1,795,899</u>

Schedule of noncash activities:

Outstanding liabilities for purchase of certain capital assets	<u>\$ 23,095</u>
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See notes to financial statements.

CITY OF HAMILTON, OHIO – GAS SYSTEM

Notes to Financial Statements Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity – The City of Hamilton, Ohio – Gas System (Gas System) is a utility operating as a separate enterprise fund of the City of Hamilton, Ohio (City). The Gas System is controlled by and is dependent on the City's executive and legislative branches. Control by or dependence on the City is determined on the basis of outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, or receipt of subsidies from the City.

Measurement Focus, Basis of Accounting and Basis of Presentation – The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Gas System's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Income Taxes – The Gas System, which is owned and operated by the City, is exempt from income taxes since it is a division of a municipality.

Cash and Investments – Certain Gas System cash and investments are held in the City Treasury and pooled for investment management purposes. The portion of these pooled funds owned by the Gas System is reported as cash and investments. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, all investments are recorded at fair value except for nonparticipating investment contracts which are reported at amortized cost, which approximates fair value. Interest earned on funds invested is distributed on the basis of the relationship of the average monthly balance of all funds, including the Gas System.

Inventories – Inventories are stated at cost based on a moving-average cost method.

Capital Assets – Expenses that increase values or extend the useful life of the respective assets are capitalized while the costs of maintenance and repairs are charged to operating expenses. Interest costs related to the construction of property, plant and equipment are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful life of the various classes of assets. The range of useful lives for computing depreciation is 5 to 75 years.

Compensated Absences – Employees of the Gas System earn vacation leave at various rates within limits specified under collective bargaining agreements or under ordinance. Vacation earned in a calendar year must be used during that year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the City Manager. At termination or retirement, employees are paid at their then full rate for 100% of their unused vacation leave. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or City ordinance. Employees hired before 1990 are paid 75% of the accumulated sick time upon retirement or death up to a maximum of 1,200 hours for employees whose normal work schedule is 40 hours per week, and up to 1,680 hours for those working a 51 hour week. Those individuals that commenced employment on or after January 1, 1990, will be paid 50%, and those individuals that commenced employment on or after January 1, 1994 will be paid 25% of the accumulated sick leave upon death or retirement. Compensation for sick leave is paid at the employee's then full rate of pay at the time of termination or retirement.

GASB Statement No. 101, "*Compensated Absences*", requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability. Accrued vacation and sick leave are accumulated to Gas System employees at varying amounts and are attributable to services already rendered. At the time of the employee's termination, such accruals are paid to the employee at varying rates from the fund to which the employee's payroll is charged.

Pension/OPEB – The provision for pension/other postemployment benefits (OPEB) cost is recorded when the related payroll is accrued, and the obligation is incurred. For purposes of measuring the net pension liability and OPEB liabilities/(assets), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. 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 systems report investments at fair value.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement reporting element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. The Gas System reports deferred outflows of resources for deferred charge on debt refunding and for deferred pension/OPEB amounts. The deferred charge on debt 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. Deferred outflows of resources related to pension/OPEB amounts are explained in Notes 7 and 8.

Deferred Inflows of Resources – In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Gas System, deferred inflows of resources include pension/OPEB (see Notes 7 and 8).

Net Position – Net position represents the difference between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Gas System applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Use of Estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

The Gas System follows the practice of pooling cash and investments with the City Treasurer except for the cash and investments of certain accounts maintained by trustees. Pooled cash and investments of the Gas System totaled \$5,298,724 at December 31, 2024, and consisted of demand deposits, money market funds, commercial paper, marketable CD's, municipal bonds, U.S. Treasury securities, U.S. government securities and State Treasury Asset Reserve of Ohio (STAR Ohio).

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. Investments in STAR Ohio are measured 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 a NAV per share that approximates fair value. For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a custodial risk policy. As of December 31, 2024, approximately 85% of the City’s deposits with financial institutions, including the amount of pooled deposits related to the Gas System, were exposed to custodial credit risk because they are considered uninsured and uncollateralized. However, the State of Ohio has established by statute a collateral pooling system for financial institutions acting as public depositories. Public depositories must pledge qualified securities with fair values greater than the total amount of all public deposits to be secured by the collateral pool. This pooled collateral covers the Gas System’s uninsured and uncollateralized deposits.

Investments – The State of Ohio statutes, Gas Revenue Bond indentures, and the City Charter authorize the City to invest in obligations of the U.S. Treasury, agencies, instrumentalities, and repurchase agreements. Custodial credit risk in regards to investments is the risk that, in the event of a failure of a counter party, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within this policy and as means of mitigating this risk. Fair value in U.S. Treasury securities are measured using level 1 inputs, using quoted prices in active markets for identical assets. Fair value in U.S. agency securities and commercial paper are measured using level 2 inputs, using significant other observable inputs.

Interest rate risk is the risk that the City will incur fair value losses arising from rising interest rates. Such risk is mitigated by the investment policy by limiting investments to certain maximum maturities. As a rule, unless specified otherwise within the policy, investments are to have a maximum maturity of five years unless the investment is matched to a specific expenditure. The context of a specific investment purchase must be weighed in proportion to the remainder of the existing investment portfolio and the “prudent investor” rule to attempt to limit such risk.

The City’s pooled investments, as well as the investments held by trustees specifically for the Gas System, are invested primarily in U.S. governmental agency securities with an AA+ credit rating and an average maximum maturity of 0.85 years and STAR Ohio which has a credit rating of AAAm.

3. ACCOUNTS RECEIVABLE

Receivables at December 31, 2024 consist of the following:

Earned and unbilled consumer accounts	\$ 2,217,600
Earned and billed consumer accounts	1,669,519
Other	3,897
Less allowance for uncollectible accounts	<u>(434,315)</u>
Total	\$ <u><u>3,456,701</u></u>

4. RESTRICTED ASSETS

Restricted assets consist of assets whose use has been restricted by bond indenture for debt service and rate stabilization. Restricted assets was \$2,000,000 at December 31, 2024.

5. CAPITAL ASSETS

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

	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
<i>Capital assets not being depreciated:</i>				
Land	\$ 710,882	\$ -	\$ -	\$ 710,882
Construction in progress	1,913,377	211	(266,464)	1,647,124
Subtotal	<u>2,624,259</u>	<u>211</u>	<u>(266,464)</u>	<u>2,358,006</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,358,763	-	-	1,358,763
Machinery and equipment	85,182,647	604,820	-	85,787,467
Subtotal	<u>86,541,410</u>	<u>604,820</u>	<u>-</u>	<u>87,146,230</u>
Totals at historical cost	<u>89,165,669</u>	<u>605,031</u>	<u>(266,464)</u>	<u>89,504,236</u>
Less accumulated depreciation:				
Buildings and improvements	1,275,894	74,088	-	1,349,982
Machinery and equipment	58,066,704	2,211,287	-	60,277,991
Total accumulated depreciation	<u>59,342,598</u>	<u>2,285,375</u>	<u>-</u>	<u>61,627,973</u>
Capital assets, net	<u>\$ 29,823,071</u>	<u>\$ (1,680,344)</u>	<u>\$ (266,464)</u>	<u>\$ 27,876,263</u>

6. LONG TERM DEBT

In August 2017, the Gas System defeased \$4,250,000 of Gas System Revenue Bonds through the issuance of \$5,840,000 of Revenue Refunding Bonds. A portion of the net proceeds of the 2017 Bonds were used to make current payments on the old bonds and the remaining proceeds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds.

In August 2018, the Gas System issued \$1,720,000 in Series 2018 Gas System Improvement Bonds to provide funding for Gas System distribution improvements. The bonds fully mature on October 15, 2038 and bear interest of 3.8 percent per annum.

Activity for the year ended December 31, 2024 was as follows:

	Restated Balance 1/1/24	Additions	Reductions	Balance 12/31/24	Due Within One Year
2017 Refunding Bonds	\$ 2,460,000	\$ -	\$ (595,000)	\$ 1,865,000	\$ 610,000
2018 Revenue Bonds	1,405,000	-	(70,000)	1,335,000	75,000
Compensated absences*	<u>552,254</u>	<u>36,537</u>	<u>-</u>	<u>588,791</u>	<u>281,639</u>
	<u>\$ 4,417,254</u>	<u>\$ 36,537</u>	<u>\$ (665,000)</u>	<u>\$ 3,788,791</u>	<u>\$ 966,639</u>

* The change in compensated absences above is a net change for the year.

Under the terms of the revenue bond indenture, the City has agreed to certain covenants including, among other things, maintaining revenue levels and providing for operating expenses and debt service. The revenue bonds are insured under municipal bond insurance policies. Under the terms of the policies, the payments of principal and interest are guaranteed by the insurer.

The Gas System revenue bonds are payable from the net revenue derived from operations of the gas utility and are secured by a pledge of and lien on such net revenues until the bond maturity dates of 2027 and 2038. In 2024, the Gas System reported \$2,281,183 of net pledged revenues for coverage of a principal and interest debt service requirement of \$773,248.

Annual debt service requirements to maturity for the refunding bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 685,000	\$ 92,320	\$ 777,320
2026	695,000	75,867	770,867
2027	715,000	59,191	774,191
2028	85,000	41,990	126,990
2029	85,000	38,760	123,760
2030-2034	485,000	142,120	627,120
2035-2038	<u>450,000</u>	<u>43,700</u>	<u>493,700</u>
Total	<u>\$ 3,200,000</u>	<u>\$ 493,948</u>	<u>\$ 3,693,948</u>

7. **DEFINED BENEFIT PENSION PLANS**

The Gas System contributes to the Ohio Public Employees Retirement.

Ohio Public Employees Retirement System

Net Pension Liability

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

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

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

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

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

Plan Description. Gas System employees 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.

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

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

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3%. 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%.

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% 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 lumpsum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy. The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows for 2024:

Statutory Maximum Contribution Rates

Employer	14.0	%
Employee	10.0	%

Actual Contribution Rates

Employer:		
Pension	14.0	%
Post-employment Health Care Benefits	0.0	%
	<hr/>	
Total Employer	14.0	%
	<hr/>	
Employee	10.0	%
	<hr/>	

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Gas System's contractually required contributions was \$276,387 for 2024. Of these amounts, \$14,314 was reported as an intergovernmental payable in 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Gas System's proportion of the net pension liability was based on the Gas System's share of contributions to the pension plan relative to the contributions of all participating entities in those measurement periods. The following is information related to the proportionate share and pension expense:

Proportionate Share of the Net Pension Liability	\$	2,898,495
Proportion of the Net Pension Liability		0.0110712%
Change in Proportion		-0.0004488%
Pension Expense	\$	700,391

At December 31, 2024, the Gas System reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on pension plan investments	\$	585,039
Differences between expected and actual experience		47,373
Gas System contributions subsequent to the measurement date		<u>276,387</u>
Total Deferred Outflows of Resources	\$	<u>908,799</u>

Deferred Inflows of Resources

Gas System change in proportionate share	\$	<u>45,602</u>
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\$276,387 reported as deferred outflows of resources related to pension resulting from the Gas System's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:

2025	\$	47,471
2026		112,369
2027		160,259
2028		<u>266,711</u>
Total	\$	<u>586,810</u>

Actuarial Assumptions. 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.

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.

	<u>December 31, 2023</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75% including wage inflation Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2024, then 2.05% simple
Investment Rate of Return	6.9%
Actuarial Cost Method	Individual Entry Age

	<u>December 31, 2022</u>
Wage Inflation	2.75%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	2.75 to 10.75% including wage inflation Pre 1/7/2013 Retirees: 3%, simple; Post 1/7/2013 Retirees: 3.0% simple through 2023, then 2.05% simple
Investment Rate of Return	6.9%
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 Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2% 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%	2.85%
Domestic Equities	21%	4.27%
Real Estate	13%	4.46%
Private Equity	15%	7.52%
International Equities	20%	5.16%
Risk Parity	2%	4.38%
Other Investments	5%	3.46%
	<u>100%</u>	

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Gas System's proportionate share of the net pension liability	\$ 4,563,081	\$ 2,898,495	\$ 1,514,126

8. DEFINED BENEFIT OPEB PLANS

The Gas System contributes to the Ohio Public Employees Retirement System and the City's Retiree Life Insurance Plan.

A. Ohio Public Employees Retirement System (OPERS)

Net OPEB Liability/(Asset)

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

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employer and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement system to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability/(asset) would be effective when the changes are legally enforceable. The retirement system may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description. OPERS administers three separate 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 credit with at least 20 years of qualified health care service credit;

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

Group C 32 years of total service 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; or

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 65 if they have at least 20 years of qualifying service.

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

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

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

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

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

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

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

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

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

Funding Policy. The Ohio Revised Code provides the statutory authority requiring 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 health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by 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 2.0% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0%. 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 Gas System's contractually required contributions was \$0 for 2024.

OPEB Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources. The net OPEB 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. The Gas System's proportion of the net OPEB asset was based on the Gas System'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:

Proportionate Share of the Net OPEB Asset	\$ 103,342
Proportion of the Net OPEB Asset	0.0114503%
Change in Proportion	-0.0003842%
OPEB Expense	\$ (14,056)

At December 31, 2024, the Gas System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources

Net difference between projected and actual earnings on OPEB plan investments	\$ 62,063
Changes in assumptions	<u>26,606</u>
Total Deferred Outflows of Resources	<u><u>\$ 88,669</u></u>

Deferred Inflows of Resources

Changes in assumptions	\$ 44,424
Differences between expected and actual experience	<u>14,709</u>
Total Deferred Inflows of Resources	<u><u>\$ 59,133</u></u>

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:	
2025	\$ (2,622)
2026	4,804
2027	48,310
2028	<u>(20,956)</u>
Total	<u><u>\$ 29,536</u></u>

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

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

Wage Inflation	2.75%
Projected Salary Increases, including inflation	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	6.00%
Municipal Bond Rate	
Current measurement period	3.77%
Prior measurement period	4.05%
Health Care Cost Trend Rate:	
Current measurement period	5.5%, initial 3.5%, ultimate in 2038
Prior measurement period	5.5%, initial 3.5%, 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 14.0% for 2023.

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

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

Discount Rate. A single discount rate of 5.70% was used to measure the 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 reflect (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) 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 an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77% (Fidelity Index's "20-Year Municipal GO AA Index").

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 2070. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2070, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Gas System's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate. The following table presents the Gas System's proportionate share of the net OPEB asset calculated using the single discount rate of 5.70%, as well as what the Gas System's proportionate share of the net OPEB asset if it were calculated using a discount rate that is 1.0 percentage point lower (4.70%) or 1.0 percentage point higher (6.70%) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
Gas System's proportionate share of the net OPEB asset (liability)	\$ (56,764)	\$ 103,342	\$ 235,867

Sensitivity of the Gas System'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 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Gas System's proportionate share of the net OPEB asset	\$ 107,576	\$ 103,342	\$ 98,421

B. Retiree Life Insurance

Total OPEB Liability

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

Plan Description. The City provides life insurance benefits to individuals who retire from the City through a single-employer OPEB plan which is administered by Hartford Life Insurance Company. The retiree must have a minimum of ten consecutive years of continuous service with the City, must have been associated with the City for at least five of the last ten years prior to retirement, and must have participated in the employee group life insurance program to and at the time of retirement. The retiree must be immediately eligible at the time of separation for full retirement or disability retirement benefits under OPERS or other retirement system.

Employees who retired prior to March 1, 1977 are eligible to receive \$2,000 in life insurance benefits. Employees who retired after March 1, 1977 are eligible to receive \$4,000 in life insurance benefits. Benefit provisions of the plan are established and may be amended by City Council through ordinance.

Funding Policy. Annual contributions to the plan represent actual contractual contributions required to cover the cost of the life insurance premiums. The Gas System's contractually required contributions was \$10,699 in 2024.

At December 31, 2024, the number of plan-wide active participants and retirees were 619 and 652, respectively.

The plan has no assets.

Changes in Total OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources. The total OPEB liability for the Retiree Life Insurance plan was determined by an actuarial valuation as of December 31, 2024. Following is information related to the changes in total OPEB liability:

Total OPEB Liability, beginning of year	\$ 150,959
Service cost	1,739
Interest	5,535
Difference between expected and actual experience	14,485
Changes in assumptions	(5,184)
Benefit payments	<u>(10,699)</u>
Total OPEB Liability, end of year	<u>\$ 156,835</u>
Retiree Life Insurance Plan OPEB expense	(\$29,686)

At December 31, 2024, the Gas System reported deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan from the following sources:

Deferred Outflows of Resources

Changes in assumptions	\$ 2,538
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Outflows of Resources	<u><u>\$ 15,646</u></u>

Deferred Inflows of Resources

Changes in assumptions	\$ 76,158
Differences between expected and actual experience	<u>13,108</u>
Total Deferred Inflows of Resources	<u><u>\$ 89,266</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Retiree Life Insurance plan will be recognized in OPEB expense as follows:

Year Ending December 31:

2025	\$ (31,814)
2026	(26,724)
2027	(16,296)
2028	<u>1,214</u>
Total	<u><u>\$ (73,620)</u></u>

Actuarial Assumptions. 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 the future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past experience and new estimates are made about the future.

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024. 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:

Single Discount Rate:

Current measurement date	4.10%
Prior measurement date	3.80%

Actuarial Cost Method Entry Age Normal

Mortality Rates:

Non-Disable	Pub-2010 General/Public Safety
Retired	Pub-2010 General Retiree
Disabled	Pub-2010 General Disabled Retiree
Weighting	Headcount-weighted
Future Improvement	Projected generationally using Scale MP-2020

The most recent experience study was completed for the five-year period ended December 31, 2018.

Discount Rate. A single discount rate of 4.10% was used to measure the total OPEB liability on the measurement date of December 31, 2024. A single discount rate of 3.80% was used to measure the total OPEB liability on the measurement date of December 31, 2023. Because the Retiree Life Insurance plan is not funded, the discount rate is based on a 20-year tax-exempt municipal bond rate based on published indices.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the Gas System's Retiree Life Insurance plan total OPEB liability calculated using the single discount rate of 4.10%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.10%) and one-percentage-point higher (5.10%) than the current rate:

	1% Decrease (3.10%)	Current Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability	\$ 174,649	\$ 156,835	\$ 141,950

9. CONTINGENT LIABILITIES

Various claims and lawsuits are pending against the City involving the Gas System. The City believes that the ultimate disposition of such claims and lawsuits will not have a material adverse effect on the financial position of the Gas System.

10. RELATED PARTY TRANSACTIONS

The Gas System sells gas to the City's Electric System for use in the generation of electricity. Revenues of approximately \$101,000 from the Electric System to the Gas System are included in operating revenues in 2024.

The City allocates the cost of certain administrative services. In addition, the City established internal service funds that provide services to various City departments. Charges to the Gas System for these services were approximately \$4,693,000 in 2024 and are included in operating expenses.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts and liability, damage to and theft of or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage, for all City departments including the Gas System, with private carriers for real property, building contents, vehicle, property and general liability insurance, police professional liability, and public officials' errors and omissions insurance. Vehicle policies include liability coverage for bodily injury and property damage. Claim payments have not exceeded coverage in the past three years. There was no decline in the level of coverage from the prior year.

12. CONTRACTUAL COMMITMENTS

At December 31, 2024, the Gas System had a contractual commitment related to property, plant and equipment improvements and additions, as well as various other contract and agreements to provide or receive services related to the operations of approximately \$237,000.

13. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

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

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

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

The implementation of GASB Statement 101 had the following effect on net position as reported December 31, 2023:

Net Position, December 31, 2023 as Reported	\$ 29,668,314
Adjustments:	
Change in Compensated Absences	<u>(218,894)</u>
Restated Net Position, December 31, 2023	<u>\$ 29,449,420</u>

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET PENSION LIABILITY AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN MEASUREMENT PERIODS**

	Gas System's Proportion of the Net Pension Liability	Gas System's Proportionate Share of the Net Pension Liability	Gas System's Covered Payroll	Gas System'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
2015	0.0101489%	\$ 1,224,067	\$ 1,251,175	97.83%	86.45%
2016	0.0099057%	1,715,789	1,165,042	147.27%	81.08%
2017	0.0098227%	2,230,562	1,292,917	172.52%	77.25%
2018	0.0110862%	1,739,203	1,391,669	124.97%	84.66%
2019	0.0113488%	3,108,207	1,494,436	207.99%	74.70%
2020	0.0118601%	2,344,239	1,598,379	146.66%	82.17%
2021	0.0121912%	1,805,251	1,690,936	106.76%	86.88%
2022	0.0131513%	1,144,212	1,746,700	65.51%	92.62%
2023	0.0115200%	3,403,015	1,918,786	177.35%	75.74%
2024	0.0110712%	2,898,495	1,875,921	154.51%	79.01%

Note: The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 139,805	\$ (139,805)	\$ -	\$ 1,165,042	12.00%
2016	155,150	(155,150)	-	1,292,917	12.00%
2017	180,917	(180,917)	-	1,391,669	13.00%
2018	209,221	(209,221)	-	1,494,436	14.00%
2019	223,773	(223,773)	-	1,598,379	14.00%
2020	236,731	(236,731)	-	1,690,936	14.00%
2021	244,538	(244,538)	-	1,746,700	14.00%
2022	268,630	(268,630)	-	1,918,786	14.00%
2023	262,629	(262,629)	-	1,875,921	14.00%
2024	276,387	(276,387)	-	1,974,193	14.00%

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
SCHEDULES OF NET OPEB LIABILITY/(ASSET) AND CONTRIBUTIONS**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
LAST EIGHT MEASUREMENT PERIODS**

	Gas System's Proportion of the Net OPEB Liability/(Asset)	Gas System's Proportionate Share of the Net OPEB Liability/(Asset)	Gas System's Covered Payroll	Gas System'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
2017	0.0105187%	\$ 1,062,426	\$ 1,292,917	82.17%	54.05%
2018	0.0112157%	1,217,946	1,391,669	87.52%	54.14%
2019	0.0114953%	1,498,716	1,494,436	100.29%	46.33%
2020	0.0120578%	1,665,497	1,598,379	104.20%	47.80%
2021	0.0124598%	(221,982)	1,690,936	(13.13%)	115.57%
2022	0.0134668%	(421,801)	1,746,700	(24.15%)	128.23%
2023	0.0118345%	74,619	1,918,786	3.89%	94.79%
2024	0.0114503%	(103,342)	1,875,921	(5.51%)	107.76%

Notes: Information prior to 2017 was not available.

The schedule is reported as of the measurement date of the net pension liability, which is the prior year end.

**SCHEDULE OF OPEB CONTRIBUTIONS
LAST NINE YEARS**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Gas System's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 25,858	\$ (25,858)	\$ -	\$ 1,292,917	2.00%
2017	13,917	(13,917)	-	1,391,669	1.00%
2018	-	-	-	1,494,436	0.00%
2019	-	-	-	1,598,379	0.00%
2020	-	-	-	1,690,936	0.00%
2021	-	-	-	1,746,700	0.00%
2022	-	-	-	1,918,786	0.00%
2023	-	-	-	1,875,921	0.00%
2024	-	-	-	1,974,193	0.00%

Note: Information prior to 2016 was not available.

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
RETIREE LIFE INSURANCE SINGLE EMPLOYER PLAN
SCHEDULES OF TOTAL OPEB LIABILITY**

**SCHEDULE OF THE TOTAL OPEB LIABILITY
LAST EIGHT YEARS**

	Gas System's Proportion Total OPEB Liability	Gas System's Covered- Employee Payroll	Gas System's Proportionate Gas System's Total OPEB Liability as a Percentage of its Covered-Employee Payroll
2017	\$ 277,234	\$ 1,391,669	19.92%
2018	265,451	1,494,436	17.76%
2019	300,592	1,598,379	18.81%
2020	326,308	1,690,936	19.30%
2021	336,373	1,746,700	19.26%
2022	250,551	1,918,786	13.06%
2023	150,959	1,875,921	8.05%
2024	156,835	1,974,193	7.94%

Note: Information prior to 2017 was not available.

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST SEVEN YEARS**

	2024	2023	2022	2021
Beginning Total OPEB Liability	\$ 150,959	\$ 250,551	\$ 336,373	\$ 326,308
Service Cost	1,739	2,496	4,811	4,488
Interest	5,535	9,782	5,894	6,348
Difference between expected and actual experience	14,485	(21,192)	(1,700)	7,812
Changes in assumptions	(5,184)	(78,542)	(76,850)	9,313
Benefit payments	(10,699)	(12,136)	(17,977)	(17,896)
Ending Total OPEB Liability	<u>\$ 156,835</u>	<u>\$ 150,959</u>	<u>\$ 250,551</u>	<u>\$ 336,373</u>

	2020	2019	2018
Beginning Total OPEB Liability	\$ 300,592	\$ 265,451	\$ 277,234
Service Cost	3,676	2,937	3,100
Interest	8,028	9,762	9,412
Difference between expected and actual experience	4,383	6,383	3,947
Changes in assumptions	27,073	33,317	(11,462)
Benefit payments	(17,444)	(17,258)	(16,780)
Ending Total OPEB Liability	<u>\$ 326,308</u>	<u>\$ 300,592</u>	<u>\$ 265,451</u>

Note: Information prior to 2018 was not available.

CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET PENSION LIABILITY

Changes in benefit terms: There were no changes in benefit terms from 2015-2024.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

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

2019: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

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

2020: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 3.00% to 1.40% for post 1/7/2013 retirees.

2021: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from 1.40% to 0.50% for post 1/7/2013 retirees.

2022: The following was the most significant change of assumptions that affected the total pension liability since the prior measurement period:

- Change in COLA from .50% to 3.00% for post 1/7/2013 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on Pub-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-Disabled Retiree mortality tables.

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

**CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM NET OPEB LIABILITY/(ASSET)

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

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

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

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

- The single discount rate changed from 3.85% to 3.96%
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.50% to 10.00%

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

- The single discount rate changed from 3.96% to 3.16%
- Change in health care cost trend rate from 10.0% to 10.5%
- The municipal bond rate changed from 3.71% to 2.75%

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

- The single discount rate changed from 3.16% to 6.0%
- Change in health care cost trend rate from 10.5% to 8.5%
- The municipal bond rate changed from 2.75% to 2.00%

2022: The following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement period:

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

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

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

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

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

CITY OF HAMILTON - GAS SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RETIREE LIFE INSURANCE PLAN TOTAL OPEB LIABILITY

The plan has no assets.

Changes in benefit terms: There were no changes in benefit terms for 2018-2024.

Changes in assumptions: For 2018, the single discount rate changed from 3.50% to 3.80%. The mortality table for non-disabled participants was changed to the RP-2014 Total Mortality Table and the mortality table for disabled participants was changed to the RP-2014 Disabled Mortality Table. In addition, termination rates were updated.

2019: The single discount rate changed from 3.80% to 2.75%. The mortality table for non-disabled participants was changed to the Pri-2012 Total Mortality Table and the mortality table for disabled participants was changed to the Pri-2012 Disabled Retiree Mortality Table.

2020: The single discount rate changed from 2.75% to 2.00%. The mortality table for non-disabled participants was changed to the Pub-2010 General/Public Safety Mortality Table and the mortality table for disabled participants was changed to the Pub-2010 General Disabled Retiree Mortality Table.

2021: The single discount rate changed from 2.00% to 1.80%.

2022: The single discount rate changed from 1.80% to 4.00%.

2023: The single discount rate changed from 4.00% to 3.80%.

2024: The single discount rate changed from 3.80% to 4.10%.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF HAMILTON

BUTLER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/18/2025

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