



**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

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TITLE

SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2024

SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2023

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**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024

**CITY OF UPPER SANDUSKY
WYANDOT COUNTY
DECEMBER 31, 2024**

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WYANDOT COUNTY
DECEMBER 31, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Upper Sandusky
Wyandot County
119 North Seventh Street
Upper Sandusky, Ohio 43351

To the City Council:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Street Maintenance and Repairs, Parks and Recreation, and Indigent Drivers funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than 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 the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

November 18, 2025

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City of Upper Sandusky
Wyandot County, Ohio
Statement of Net Position - Cash Basis
December 31, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 3,367,434	\$ 3,290,372	\$ 6,657,806
Cash and Cash Equivalents in Segregated Accounts	938	-	938
<i>Total Assets</i>	<u>3,368,372</u>	<u>3,290,372</u>	<u>6,658,744</u>
Net Position			
Restricted for:			
Capital Projects	361,837	-	361,837
Street Maintenance and Repairs	516,368	-	516,368
Indigent Drivers	382,948	-	382,948
Other Purposes	1,038,040	-	1,038,040
Unrestricted (Deficit)	1,069,179	3,290,372	4,359,551
<i>Total Net Position</i>	<u>\$ 3,368,372</u>	<u>\$ 3,290,372</u>	<u>\$ 6,658,744</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2024

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 2,321,268	\$ 792,472	\$ 9,672	\$ -	\$ (1,519,124)	\$ -	\$ (1,519,124)
Security of Persons and Property	3,226,071	31,608	-	523,810	(2,670,653)	-	(2,670,653)
Public Health	31,545	-	-	-	(31,545)	-	(31,545)
Leisure Time Services	584,386	52,012	7,500	-	(524,874)	-	(524,874)
Community Development	151,199	-	7,550	-	(143,649)	-	(143,649)
Transportation	698,114	-	510,248	1,050	(186,816)	-	(186,816)
Debt Service							
Principal Retirement	196,588	-	-	-	(196,588)	-	(196,588)
Interest and Fiscal Charges	12,984	-	-	-	(12,984)	-	(12,984)
<i>Total Governmental Activities</i>	<u>7,222,155</u>	<u>876,092</u>	<u>534,970</u>	<u>524,860</u>	<u>(5,286,233)</u>	<u>-</u>	<u>(5,286,233)</u>
Business-Type Activities							
Water	2,799,955	3,132,973	-	172,531	-	505,549	505,549
Sewer	2,728,667	2,893,366	-	400,000	-	564,699	564,699
Sanitation	882,028	871,926	-	-	-	(10,102)	(10,102)
<i>Total Business-Type Activities</i>	<u>6,410,650</u>	<u>6,898,265</u>	<u>-</u>	<u>572,531</u>	<u>-</u>	<u>1,060,146</u>	<u>1,060,146</u>
<i>Total</i>	<u>\$ 13,632,805</u>	<u>\$ 7,774,357</u>	<u>\$ 534,970</u>	<u>\$ 1,097,391</u>	<u>(5,286,233)</u>	<u>1,060,146</u>	<u>(4,226,087)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					371,812	-	371,812
Income Taxes Levied for:							
General Purposes					3,020,678	-	3,020,678
Capital Projects					468,589	-	468,589
Recreational Purposes					624,785	-	624,785
Grants and Entitlements not Restricted to Specific Programs					404,305	-	404,305
Other Local Taxes					75,244	-	75,244
Payments in Lieu of Taxes					78,025	-	78,025
Investment Earnings					223,622	-	223,622
Miscellaneous					336,264	76,602	412,866
<i>Total General Receipts</i>					<u>5,603,324</u>	<u>76,602</u>	<u>5,679,926</u>
<i>Change in Net Position</i>					317,091	1,136,748	1,453,839
<i>Net Position Beginning of Year</i>					3,051,281	2,153,624	5,204,905
<i>Net Position End of Year</i>					<u>\$ 3,368,372</u>	<u>\$ 3,290,372</u>	<u>\$ 6,658,744</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2024

	General	Street Maintenance and Repair	Parks and Recreation	Indigent Drivers	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 409,518	\$ 516,368	\$ 647,046	\$ 382,948	\$ 361,837	\$ 1,038,040	\$ 3,355,757
Cash and Cash Equivalents in Segregated Accounts	938	-	-	-	-	-	938
<i>Total Assets</i>	<u>\$ 410,456</u>	<u>\$ 516,368</u>	<u>\$ 647,046</u>	<u>\$ 382,948</u>	<u>\$ 361,837</u>	<u>\$ 1,038,040</u>	<u>\$ 3,356,695</u>
Fund Balances							
Restricted	\$ -	\$ 516,368	\$ -	\$ 382,948	\$ 361,837	\$ 1,038,040	\$ 2,299,193
Committed	-	-	647,046	-	-	-	647,046
Assigned	351,338	-	-	-	-	-	351,338
Unassigned	59,118	-	-	-	-	-	59,118
<i>Total Fund Balance</i>	<u>\$ 410,456</u>	<u>\$ 516,368</u>	<u>\$ 647,046</u>	<u>\$ 382,948</u>	<u>\$ 361,837</u>	<u>\$ 1,038,040</u>	<u>\$ 3,356,695</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities -Cash Basis
December 31, 2024

Total Governmental Fund Balances	\$ 3,356,695
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Amounts reported for governmental activities in the statement of net position are different because:

An internal service fund is used by management to charge the costs of insurance to individual funds.

The assets and net position of the internal service fund are included
in governmental activities in the statement of net position.

	<u>11,677</u>
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Net Position of Governmental Activities

	<u><u>\$ 3,368,372</u></u>
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See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2024

	General	Street Maintenance and Repair	Parks and Recreation	Indigent Drivers	CDBG Revolving Loan	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$ 371,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,812
Income Taxes	3,020,678	-	624,785	-	-	468,589	-	4,114,052
Other Local Taxes	59,611	-	-	-	-	-	15,633	75,244
Payments in Lieu of Taxes	-	-	-	-	-	78,025	-	78,025
Charges for Services	45,037	-	52,012	-	-	-	-	97,049
Licenses and Permits	80,411	-	-	-	-	-	-	80,411
Fines and Forfeitures	484,439	-	-	11,573	-	-	202,620	698,632
Intergovernmental	928,115	437,958	-	-	-	-	72,290	1,438,363
Interest	223,622	-	-	-	-	-	7,550	231,172
Contributions and Donations	-	-	7,500	-	-	1,050	9,672	18,222
Other	199,328	25,440	63,086	-	-	860	47,550	336,264
Total Receipts	5,413,053	463,398	747,383	11,573	-	548,524	355,315	7,539,246
Disbursements								
Current:								
General Government	2,059,166	-	-	-	-	-	172,746	2,231,912
Security of Persons and Property	2,952,803	-	-	-	-	132,407	-	3,085,210
Public Health	31,545	-	-	-	-	-	-	31,545
Leisure Time Services	22,040	-	544,783	-	-	-	-	566,823
Community Development	14,063	-	-	-	-	45,468	91,668	151,199
Transportation	-	382,483	-	-	-	173,380	45,174	601,037
Debt Service:								
Principal Retirement	95,989	-	-	-	-	100,599	-	196,588
Interest and Fiscal Charges	4,430	-	-	-	-	8,554	-	12,984
Total Disbursements	5,180,036	382,483	544,783	-	-	460,408	309,588	6,877,298
Excess of Receipts Over (Under) Disbursements	233,017	80,915	202,600	11,573	-	88,116	45,727	661,948
Other Financing Sources (Uses)								
Transfers In	-	-	-	-	-	-	11,950	11,950
Transfers Out	(11,950)	-	-	-	-	-	-	(11,950)
Total Other Financing Sources (Uses)	(11,950)	-	-	-	-	-	11,950	-
Net Change in Fund Balances	221,067	80,915	202,600	11,573	-	88,116	57,677	661,948
Fund Balances Beginning of Year, as previously presented	189,389	435,453	444,446	371,375	305,516	273,721	674,847	2,694,747
Change Within Financial Reporting Entity:								
Major to Nonmajor Fund	-	-	-	-	(305,516)	-	305,516	-
Fund Balances End of Year	\$ 410,456	\$ 516,368	\$ 647,046	\$ 382,948	\$ -	\$ 361,837	\$ 1,038,040	\$ 3,356,695

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 661,948
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental disbursements and related internal service fund receipts are eliminated. The net receipt (disbursement) of the internal service fund is allocated among the governmental activities.	<u>(344,857)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 317,091</u></u>
See accompanying notes to the basic financial statements.	

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Receipts				
Property and Other Local Taxes	\$ 372,300	\$ 388,030	\$ 371,812	\$ (16,218)
Income Taxes	3,750,000	3,879,615	3,020,678	(858,937)
Other Local Taxes	60,000	62,522	59,611	(2,911)
Charges for Services	49,825	51,730	45,037	(6,693)
Licenses and Permits	86,100	89,502	80,411	(9,091)
Fines and Forfeitures	568,500	588,995	484,439	(104,556)
Intergovernmental	315,750	878,826	928,115	49,289
Interest	156,000	165,461	223,622	58,161
Other	53,800	61,304	199,328	138,024
<i>Total Receipts</i>	<u>5,412,275</u>	<u>6,165,985</u>	<u>5,413,053</u>	<u>(752,932)</u>
Disbursements				
Current:				
General Government	2,260,347	2,115,240	2,059,166	56,074
Security of Persons and Property	2,529,350	2,997,219	2,952,803	44,416
Public Health	31,600	31,545	31,545	-
Leisure Time Services	-	-	22,040	(22,040)
Community Development	20,500	20,000	14,063	5,937
Debt Service:				
Principal Retirement	77,600	95,989	95,989	-
Interest and Fiscal Charges	2,000	4,430	4,430	-
<i>Total Disbursements</i>	<u>4,921,397</u>	<u>5,264,423</u>	<u>5,180,036</u>	<u>84,387</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>490,878</u>	<u>901,562</u>	<u>233,017</u>	<u>(668,545)</u>
Other Financing (Uses)				
Transfers Out	<u>(14,850)</u>	<u>(14,850)</u>	<u>(11,950)</u>	<u>2,900</u>
<i>Net Change in Fund Balance</i>	<u>476,028</u>	<u>886,712</u>	<u>221,067</u>	<u>(665,645)</u>
<i>Fund Balance Beginning of Year</i>	<u>188,071</u>	<u>188,071</u>	<u>188,071</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 664,099</u>	<u>\$ 1,074,783</u>	<u>\$ 409,138</u>	<u>\$ (665,645)</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Street Maintenance and Repairs Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Intergovernmental	\$ 430,000	\$ 430,000	\$ 437,958	\$ 7,958
Other	8,000	8,000	25,440	17,440
<i>Total Receipts</i>	<u>438,000</u>	<u>438,000</u>	<u>463,398</u>	<u>25,398</u>
Disbursements				
Current:				
Transportation	<u>403,760</u>	<u>433,160</u>	<u>382,483</u>	<u>50,677</u>
<i>Net Change in Fund Balance</i>	34,240	4,840	80,915	76,075
<i>Fund Balance Beginning of Year</i>	<u>435,453</u>	<u>435,453</u>	<u>435,453</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 469,693</u>	<u>\$ 440,293</u>	<u>\$ 516,368</u>	<u>\$ 76,075</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Parks and Recreation Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Income Taxes	\$ 500,000	\$ 500,000	\$ 624,785	\$ 124,785
Charges for Services	45,500	45,500	52,012	6,512
Contributions and Donations	-	-	7,500	7,500
Miscellaneous	25,100	25,100	63,086	37,986
<i>Total Receipts</i>	<u>570,600</u>	<u>570,600</u>	<u>747,383</u>	<u>176,783</u>
Disbursements				
Current:				
Leisure Time Activities	<u>577,850</u>	<u>630,885</u>	<u>544,783</u>	<u>86,102</u>
<i>Net Change in Fund Balance</i>	(7,250)	(60,285)	202,600	262,885
<i>Fund Balance Beginning of Year</i>	<u>444,446</u>	<u>444,446</u>	<u>444,446</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 437,196</u>	<u>\$ 384,161</u>	<u>\$ 647,046</u>	<u>\$ 262,885</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Indigent Drivers Fund
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 11,573	\$ (3,427)
Disbursements				
Current:				
General Government	50,000	50,000	-	50,000
<i>Net Change in Fund Balance</i>	(35,000)	(35,000)	11,573	46,573
<i>Fund Balance Beginning of Year</i>	371,375	371,375	371,375	-
<i>Fund Balance End of Year</i>	<u>\$ 336,375</u>	<u>\$ 336,375</u>	<u>\$ 382,948</u>	<u>\$ 46,573</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2024

	Enterprise Funds				Governmental Activities Internal Service Fund
	Water	Sewer	Sanitation	Total	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 759,262	\$ 2,455,169	\$ 75,941	\$ 3,290,372	\$ 11,677
Net Position					
Unrestricted (Deficit)	\$ 759,262	\$ 2,455,169	\$ 75,941	\$ 3,290,372	\$ 11,677

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2024

	Enterprise				Governmental Activities Internal Service Fund
	Water	Sewer	Sanitation	Total	
Operating Receipts					
Charges for Services	\$ 3,132,973	\$ 2,893,366	\$ 871,926	\$ 6,898,265	\$ -
Other	22,510	28,662	25,430	76,602	-
<i>Total Operating Receipts</i>	<u>3,155,483</u>	<u>2,922,028</u>	<u>897,356</u>	<u>6,974,867</u>	<u>-</u>
Operating Disbursements					
Personal Services	648,498	593,307	415,308	1,657,113	-
Contractual Services	665,792	540,022	350,125	1,555,939	331,277
Materials and Supplies	175,162	243,558	113,817	532,537	-
Capital Outlay	298,649	2,456	-	301,105	-
Claims	-	-	-	-	13,580
Other	-	2,533	2,778	5,311	-
<i>Total Operating Disbursements</i>	<u>1,788,101</u>	<u>1,381,876</u>	<u>882,028</u>	<u>4,052,005</u>	<u>344,857</u>
<i>Operating Income (Loss)</i>	<u>1,367,382</u>	<u>1,540,152</u>	<u>15,328</u>	<u>2,922,862</u>	<u>(344,857)</u>
Non-Operating Receipts (Disbursements)					
Capital Grants and Contributions	172,531	400,000	-	572,531	-
Principal Retirement	(636,161)	(1,293,720)	-	(1,929,881)	-
Interest	(375,693)	(53,071)	-	(428,764)	-
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(839,323)</u>	<u>(946,791)</u>	<u>-</u>	<u>(1,786,114)</u>	<u>-</u>
<i>Change in Net Position</i>	<u>528,059</u>	<u>593,361</u>	<u>15,328</u>	<u>1,136,748</u>	<u>(344,857)</u>
<i>Net Position Beginning of Year</i>	<u>231,203</u>	<u>1,861,808</u>	<u>60,613</u>	<u>2,153,624</u>	<u>356,534</u>
<i>Net Position End of Year</i>	<u>\$ 759,262</u>	<u>\$ 2,455,169</u>	<u>\$ 75,941</u>	<u>\$ 3,290,372</u>	<u>\$ 11,677</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2024

	<u>Custodial</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	\$ 39,197
Net Position	
Restricted Net Position for Individuals, Organizations & Other Governments	\$ 39,197

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2024

	<u>Custodial</u>
Additions	
Fines & Forfeitures for Other Governments	<u>\$ 776,843</u>
Deductions	
Fines & Forfeitures Distributions to Other Governments	<u>770,081</u>
<i>Change in Net Position</i>	6,762
<i>Net Position Beginning of Year</i>	<u>32,435</u>
<i>Net Position End of Year</i>	<u><u>\$ 39,197</u></u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

NOTE 1 – DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of Upper Sandusky (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under the mayor-council form of charter government as approved on October 25, 1976. The City provides police protection within its boundaries and fire protection to its citizens and adjacent townships. The City provides basic utilities in the form of water, wastewater treatment and sanitation pick up. The City constructs and maintains streets and sidewalks within the City. The City also operates a swimming pool and maintains three parks.

Reporting Entity: A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financials are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; 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. Components units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City has no component units.

The City's Municipal Court has been included in the City's financial statements as a custodial fund. The judge is an elected city official who has a fiduciary responsibility for the collection and distribution of court fees and fines.

The City participates in a public entity risk pool, the Public Entities Pool of Ohio. Note 7 to the financial statements provide additional information for this entity.

Management believes the financial statements included in this report represent all of the funds of the City over which the City has the ability to exercise direct operating control.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the City's accounting policies.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Basis of Presentation

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the City at year end. The statement of activities compares disbursements and program receipts for each program or function of the City's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the City is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the City.

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

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

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Governmental Funds Governmental funds are those through which most governmental functions of the City are financed. The following are the City's major governmental funds:

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the City.

Parks and Recreation Fund The parks and recreation fund accounts for financial resources to be used for operating and maintaining the City's recreational facilities and programs.

Indigent Drivers Fund The indigent drivers fund accounts for and reports resources restricted for addiction treatment services for offenders convicted of operating a vehicle under the influence of alcohol or drugs who are unable to pay for those services.

Capital Improvements Fund The capital improvements fund accounts for and reports that portion of municipal income tax committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the City.

The other governmental funds of the City account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the City.

Sanitation Fund This fund accounts for the financial transactions related to the refuse pickup operations of the City.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service fund accounts for monies received for the activities of the insurance program for employee health benefits. As of January 1, 2023, the City is no longer self-insured. However, the City will continue to operate an internal service fund until all outstanding claims have been paid.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Presently, the City has no trust funds, investment trust funds or private-purpose trust funds. The City presently has one custodial fund for the Municipal Court.

Basis of Accounting

The City's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate.

The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for all funds.

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

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

Cash and Investments

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the statement of fiduciary assets and net position as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to City funds according to State statutes, the Charter and Codified Ordinances of the City, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2024 was \$223,622 which includes \$211,834 assigned from other City funds.

Inventory and Prepaid Items

The City reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

For 2024, GASB Statement No. 101, Compensated Absences, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The City does not offer noncash settlements.

City employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the City's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension 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 systems report investments at fair value.

Long-Term Obligations

The City's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and financed purchase payments are reported when paid.

Leases and SBITAs

The City is the lessee (as defined by GASB 87) in various leases related to vehicles and other equipment under noncancelable leases. Intangible right to use asset/lease payable are not reflected under the City's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid

The City entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription assets/liabilities are not reflected under the City's cash basis of accounting. Subscription disbursements are recognized when they are paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038.

For 2024, distributions of \$4,688 are reflected as fines and forfeitures revenue in the OneOhio Special Revenue Fund in the accompanying financial statements.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for computer legal research and special projects.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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 that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State Statute authorizes the City Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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

Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

New Accounting Pronouncements

For 2024, GASB Statement No. 100, Accounting Changes and Error Corrections was effective. This GASB pronouncement has been implemented and is reflected in the City's financial statements. See the Accumulated Leave section of Note 2 for discussion of the implementation of GASB Statement No. 101, *Compensated Absences*.

NOTE 3 – COMPLIANCE

Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

Contrary to Ohio law, the City failed to record receipts in the proper funds as required by Ohio Rev. Code § 5705.10(D).

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund and any major special

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General Fund	Street Maintenance and Repairs Fund	Parks and Recreation Fund	Indigent Drivers Fund
Cash Basis	\$ 221,067	\$ 80,915	\$ 202,600	\$ 11,573
Funds Budgeted Elsewhere	-	-	-	-
Encumbrances	-	-	-	-
Budget Basis	<u>\$ 221,067</u>	<u>\$ 80,915</u>	<u>\$ 202,600</u>	<u>\$ 11,573</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Cash on Hand

At year end, the City had \$675 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

At year-end, \$6,223,563 of the City’s bank balance of \$6,927,951 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the City’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

NOTE 6 –TAXES

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2024 for real and public utility property taxes represents collections of 2023 taxes.

2024 real property taxes are levied after October 1, 2024, on the assessed value as of January 1, 2024, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2024 real property taxes are collected in and intended to finance 2025.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2024 public utility property taxes which became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes.

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

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 154,224,380
Public Utilities	9,220,880
	<u>\$ 163,445,260</u>

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

Income Taxes

The City levies and collects an income tax of 1 percent on all income earned within the City as well as on incomes of residents earned outside the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Council has authority to establish re-allocation of income tax as needed. After defraying all necessary costs of collecting, administering, and enforcing the tax, the balance shall be allocated 72 percent to the general fund, 16 percent to the parks and recreation fund and 12 percent to the capital improvement fund.

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2024, addressed these risk per below:

Risk Pool Membership

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

The Pool covers the following risks:

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

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

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

There has not been a significant reduction in commercial coverage from the prior year and settled claims have not exceeded coverage in any of the last three years.

Workers' Compensation

Workers' compensation coverage is provided by the State. The City pays State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Health and Prescription Coverage

The City contracts with Anthem for major medical insurance, vision insurance and dental insurance for all full-time employees. The City pays a portion of each employee's medical insurance, dental insurance, and vision insurance. The City's portion for coverage is as follows:

<u>Coverage</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
Single	\$644.50	\$ 21.38	\$ 4.48
Employee + Child(ren)	1087.92	54.46	10.10
Employee + Spouse	1416.62	43.61	8.98
Family	1989.58	80.84	15.90

NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability(asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability(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 this estimate annually.

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

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

The net pension/net OPEB liability(asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

Group A 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
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 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.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. 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.

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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 within the constraints of statutory limits for each division and expressed as a percentage of covered payroll. The City's contractually required contribution was \$375,588 for 2024.

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

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

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

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

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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.

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

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$236,751 for 2024.

Pension Liability

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. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability 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:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.016858%	0.0360451%	
Prior Measurement Period	0.016960%	0.0344965%	
Change in Proportion	<u>-0.000102%</u>	<u>0.0015486%</u>	
Proportionate Share of the Net Pension Liability	\$ 4,413,493	\$ 3,482,454	\$ 7,895,947

Actuarial Assumptions – OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.3 percent, simple through 2024, then 2.05 percent, simple	2.3 percent, simple through 2024, then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
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>	

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Discount Rate The discount rate used to measure the total pension liability for the current 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,948,025	\$ 4,413,493	\$ 2,305,500

Actuarial Assumptions – OP&F

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

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

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

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

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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.

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:

<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

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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 pension liability was calculated using the discount rate of 7.50 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 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to be available to make all future benefit payment of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate. 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	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 4,612,770	\$ 3,482,454	\$ 2,542,487

NOTE 9 – POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

See Note 8 for a description of the net OPEB liability(asset).

Ohio Public Employees Retirement System (OPERS)

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

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

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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 age 55.

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

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:

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

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

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

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

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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 had no contractually required contribution for 2024.

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

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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.

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 \$5,981 for 2024.

Net OPEB Liability (Asset)

The net OPEB 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. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.016074%	0.0360451%	
Prior Measurement Period	0.015995%	0.0344965%	
Change in Proportion	0.000079%	0.0015486%	
Proportionate Share of the Net OPEB Liability (Asset)	\$ (145,072)	\$ 263,176	\$ 118,104

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Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The actuarial valuation used the following key actuarial assumptions and methods 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,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.70 percent
Prior Year Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.77 percent
Prior Year Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2038
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 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.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<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") 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 to Changes in the Discount Rate
The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.70 percent, as well as what the City's proportionate share of the net OPEB liability

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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	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 79,727	\$ (145,072)	\$ (331,285)

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 Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ (151,096)	\$ (145,072)	\$ (138,236)

Actuarial Assumptions – OP&F

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

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

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

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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 calculating the total OPEB liability in the latest actuarial valuation are presented below:

Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement rate	4.07 percent
Prior measurement rate	4.27 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2038

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.

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:

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<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

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 Net OPEB liability is sensitive to changes in the discount rate. 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	\$ 324,160	\$ 263,176	\$ 211,816

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NOTE 10 – DEBT

The City's debt activity for the current year activity was as follows:

	Balance 12/31/2023	Additions	Deductions	Balance 12/31/2024	Amount Due Within One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
Capital Improvement Bonds - 2005	\$ 82,000	\$ -	\$ 40,000	\$ 42,000	\$ 42,000
<i>Direct Placements:</i>					
Fire Truck Bond, Series 2014	47,133	-	47,133	-	-
Fire Truck Bond, Series 2017	151,000	-	35,900	115,100	37,200
<i>Total Direct Placements</i>	<u>198,133</u>	<u>-</u>	<u>83,033</u>	<u>115,100</u>	<u>37,200</u>
<i>Direct Borrowings:</i>					
<i>OPWC Loans:</i>					
2004 Rock Run Road Improvements	5,730	-	3,820	1,910	1,910
2005 CSO Removal	25,289	-	12,643	12,646	12,646
2011 Commerce Drive Storm Drainage	160,627	-	8,237	152,390	8,237
<i>Total Direct Borrowings</i>	<u>191,646</u>	<u>-</u>	<u>24,700</u>	<u>166,946</u>	<u>22,793</u>
<i>Other Long-Term Obligations:</i>					
Finance Purchases	35,904	60,982	48,855	48,031	48,031
Total Governmental Activities	<u>\$ 507,683</u>	<u>\$ 60,982</u>	<u>\$ 196,588</u>	<u>\$ 372,077</u>	<u>\$ 150,024</u>
Business-Type Activities:					
<i>Direct Borrowings:</i>					
<i>OWDA Loans:</i>					
2010 WTP & Storage Tower	\$ 10,609,154	\$ -	\$ 456,123	\$ 10,153,031	\$ 471,345
2013 Warpole Waterlines installed	385,086	-	15,766	369,320	16,193
2013 NE Quadrant Waterlines	920,774	-	79,639	841,135	81,240
2016 Sewer Separation	5,158,042	-	358,714	4,799,328	362,311
2019 WWTP Upgrades	24,061,407	-	890,006	23,171,401	890,095
2022 Water Meter Replacement	864,817	-	35,121	829,696	44,968
<i>Total OWDA Loans</i>	<u>41,999,280</u>	<u>-</u>	<u>1,835,369</u>	<u>40,163,911</u>	<u>1,866,152</u>
<i>OPWC Loans:</i>					
2013 Elevated Tank Painting	349,998	-	16,667	333,331	16,667
2013 Waterline Replacement	298,723	-	13,894	284,829	13,894
2013 Waterline Replacement	247,947	-	11,532	236,415	11,532
2016 Sewer Separation	652,500	-	45,000	607,500	45,000
2022 Water Meter Replacement	148,371	-	7,419	140,952	7,419
<i>Total OPWC Loans</i>	<u>1,697,539</u>	<u>-</u>	<u>94,512</u>	<u>1,603,027</u>	<u>94,512</u>
<i>Total Direct Borrowings</i>	<u>43,696,819</u>	<u>-</u>	<u>1,929,881</u>	<u>41,766,938</u>	<u>1,960,664</u>
Total Business-Type Activities	<u>43,696,819</u>	<u>-</u>	<u>1,929,881</u>	<u>41,766,938</u>	<u>1,960,664</u>

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Governmental Activities

General Obligation Bonds

The Capital Improvement Bond, Series 2005 was issued for the purpose of paying the costs of improvements East Wyandot Avenue. This bond is a direct obligation of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City in the capital improvement fund. The interest on this bond is 3 percent to 4.8 percent and is scheduled to mature in August 2025.

Direct Placements

The Fire Truck Bond-Series 2014 financed the purchase of a 2013 Pierce Velocity Chassis fire truck. This bond is a direct obligation of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City in the general fund. The interest on this bond is 3.25 percent and is scheduled to mature in February 2024.

The Fire Truck Bond-Series 2017 financed the purchase of a 2012 Pierce Ladder fire truck. This bond is a direct obligation of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City in the capital improvement fund. The interest on this bond is 3.25 percent and is scheduled to mature in October 2027.

Direct Borrowings

The OPWC loan financed the 2004 Rock Run Road improvements in the amount of \$76,400. The retirement of this 0.0 percent interest loan will be made by the capital improvement fund. This loan is scheduled to mature on January 1, 2025.

The OPWC loan financed the 2005 Crawford/Hicks CSO removal in the amount of \$252,849. The retirement of this 0.0 percent interest loan will be made by the capital improvement fund. This loan is scheduled to mature on July 1, 2025.

The OPWC loan financed the 2011 project entitled Commerce Drive Storm Drainage improvements in the amount of \$247,119. The retirement of this 0.0 percent interest loan will be made by the capital improvement fund. This loan is scheduled to mature on January 1, 2043.

Business-type Activities

Direct Borrowings

The OWDA loan financed the new 2010 water treatment and storage tower in the amount of \$15,209,357. The retirement of this 3.31 percent interest loan will be made by the water fund. This loan is scheduled to mature on July 1, 2041.

The OWDA loan financed the 2013 waterline project on Warpole Street in the amount of \$533,351. The retirement of this 2.69 percent interest loan will be made by the water fund. This loan is scheduled to mature on January 1, 2043.

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The OWDA loan financed the 2013 waterline project on the NE Quadrant and tank painting in the amount of \$1,603,297. The retirement of this 2 percent interest loan will be made by the water fund. This loan is scheduled to mature on July 1, 2034.

The OWDA loan financed the 2016 sewer separation on various streets in the amount of \$7,389,021. The retirement of this 1.0 percent interest loan will be made by the sewer fund. This loan is scheduled to mature on July 1, 2037.

The OWDA loan financed the 2019 wastewater treatment plant upgrades in the amount of \$26,830,924, of which \$100,000 of principal has been forgiven. The retirement of this 0.01 percent interest loan will be made by the sewer fund. This loan is scheduled to mature on January 1, 2051.

The OWDA loan financed the 2022 water meter replacement in the amount of \$919,241. The retirement of this 0.29 percent interest loan will be made by the water and sewer funds. The loan is schedule to mature on January 1, 2043.

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest.

The OPWC loan financed the 2013 project entitled Elevated tank repainting in the amount of \$500,000. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$8,333. This loan is scheduled to mature on July 1, 2044.

The OPWC loan financed the various 2013 waterline projects in the amount of \$345,969. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$5,766. This loan is scheduled to mature on January 1, 2045.

The OPWC loan financed the various 2013 waterline projects in the amount of \$416,822. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$6,947. This loan is scheduled to mature on January 1, 2045.

The OPWC loan financed the 2016 sewer separation on various streets in the amount of \$900,000. The retirement of this 0.0 percent interest loan will be made by the sewer fund with bi-annual payments of \$22,500. This loan is scheduled to mature on January 1, 2038.

The OPWC loan financed the 2022 water meter replacement in the amount of \$148,371. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$3,709. This loan is scheduled to mature on July 1, 2043.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

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

Governmental Activities					
Year	OPWC Loans		Bonds		Totals
Ending December 31,	Principal	Principal	Interest	Principal	Interest
2025	\$ 22,793	\$ 79,200	\$ 5,457	\$ 101,993	\$ 5,457
2026	8,237	38,300	2,222	46,537	2,222
2027	8,237	39,600	969	47,837	969
2028	8,237	-	-	8,237	-
2029	8,237	-	-	8,237	-
2030-2034	41,186	-	-	41,186	-
2035-2039	41,190	-	-	41,190	-
2040-2043	28,829	-	-	28,829	-
	<u>\$ 166,946</u>	<u>\$ 157,100</u>	<u>\$ 8,648</u>	<u>\$ 324,046</u>	<u>\$ 8,648</u>

Business-Type Activities					
Year	OWDA Loans		OPWC Loans	Total	
Ending December 31,	Principal	Interest	Principal	Principal	Interest
2025	\$ 1,866,152	\$ 410,200	\$ 94,512	\$ 1,960,664	\$ 410,200
2026	1,887,805	388,547	94,512	1,982,317	388,547
2027	1,910,065	366,287	94,512	2,004,577	366,287
2028	1,932,952	343,401	94,512	2,027,464	343,401
2029	1,956,483	319,870	94,512	2,050,995	319,870
2030-2034	10,110,549	1,222,384	472,560	10,583,109	1,222,384
2035-2039	9,306,975	562,995	405,055	9,712,030	562,995
2040-2044	5,840,358	46,990	240,139	6,080,497	46,990
2045-2049	4,460,278	1,674	12,713	4,472,991	1,674
2050	892,294	67	-	892,294	67
	<u>\$ 40,163,911</u>	<u>\$ 3,662,415</u>	<u>\$ 1,603,027</u>	<u>\$ 41,766,938</u>	<u>\$ 3,662,415</u>

The City has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$41,766,938 to Ohio Public Works Commission (OPWC) and Ohio Water Development Authority (OWDA). Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 66.03 percent. The total principal and interest remaining to be paid on the loans is \$45,429,353. This excludes interest applicable to the OWDA loans for water meter replacement as an amortization schedule is not available. Principal and interest paid for the current year and total net revenues were \$2,358,645 and \$3,608,639, respectively.

Finance Purchases

During 2023, the City entered into an agreement as lessee for financing the acquisition of a police cruiser and equipment at 8 percent interest, with an ending date of April 12, 2025.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

During 2024, the City entered into an agreement as lessee for financing the acquisition of a police cruiser and equipment at 7.69 percent interest, with an ending date of November 1, 2025.

The finance purchases will be paid from the general fund.

The following is a schedule of the future payments under these agreements at December 31, 2024:

Governmental Activities			
<u>Year Ending December 31,</u>	Principal	Interest	Total
2025	\$ 48,031	\$ 3,723	\$ 51,754

NOTE 11 – CONTINGENT LIABILITIES

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by grantor agencies or their representative. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Litigation

The City may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the law director the resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE 12 – FUND BALANCES

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

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

	General	Street Maintenance and Repairs	Parks and Recreation	Indigent Drivers
Restricted for:				
Indigent Drivers	\$ -	\$ -	\$ -	\$ 382,948
Street Maintenance and Repairs	-	516,368	-	-
Capital Projects	-	-	-	-
Computer Legal Research	-	-	-	-
Special Projects	-	-	-	-
Restricted for Other Purposes	-	-	-	-
Total Restricted	-	516,368	-	382,948
Committed for:				
Parks and Recreation	-	-	647,046	-
Total Committed	-	-	647,046	-
Assigned for:				
Subsequent Year Appropriations	351,338	-	-	-
Total Assigned	351,338	-	-	-
Unassigned	59,118	-	-	-
Total Fund Balance	\$ 410,456	\$ 516,368	\$ 647,046	\$ 382,948

(continued)

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City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

	Capital Improvement	Other Governmental Funds	Total
Restricted for:			
Indigent Drivers	\$ -	\$ -	\$ 382,948
Street Maintenance and Repairs	-	-	516,368
Capital Projects	361,837	-	361,837
Computer Legal Research	-	180,180	180,180
Special Projects	-	234,020	234,020
Restricted for Other Purposes	-	623,840	623,840
Total Restricted	<u>361,837</u>	<u>1,038,040</u>	<u>2,299,193</u>
Committed for:			
Parks and Recreation	-	-	647,046
Total Committed	<u>-</u>	<u>-</u>	<u>647,046</u>
Assigned for:			
Subsequent Year Appropriations	-	-	351,338
Total Assigned	<u>-</u>	<u>-</u>	<u>351,338</u>
Unassigned	-	-	59,118
Total Fund Balance	<u>\$ 361,837</u>	<u>\$ 1,038,040</u>	<u>\$ 3,356,695</u>

NOTE 13 – ASSET RETIREMENT OBLIGATION

State and federal laws and regulations require the City to go through a decommissioning process if the wastewater treatment facility was to close. Through the decommissioning process, the City would be responsible for remediating any public safety issues associated with the wastewater treatment facility. The asset retirement obligation associated with the City's wastewater treatment facility cannot be estimated at this time. Additionally, due to the City's application of the cash basis of accounting, this long-term obligation would not be reported as a liability in the financial statements.

NOTE 14 – TRANSFERS

Interfund transfers for the year ended December 31, 2024, consisted of the following:

Fund	Transfers In	Transfers Out
General	\$ -	\$ 11,950
Other Governmental	11,950	-

In the year ended December 31, 2024, the City transferred \$11,950 from the general fund to the transient guest tax to provide additional resources needed in that fund.

NOTE 15 – OTHER RECEIPTS

Other receipts consist mainly of donations, reimbursements, and principal receipts in the Street Maintenance and Repair, Parks and Recreation, and Other Governmental Funds.

**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY		
<i>Direct Assistance</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 39,774
<i>Passed Through Ohio Department of Development</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	247,766
Total AL #21.027		<u>287,540</u>
Total U.S. Department of Treasury		<u>287,540</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
<i>Direct Assistance</i>		
Assistance to Firefighters Grant	97.044	<u>523,810</u>
Total U.S. Department of Homeland Security		<u>523,810</u>
Total Expenditures of Federal Awards		<u>\$ 811,350</u>

The accompanying notes are an integral part of this schedule.

**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The City has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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

City of Upper Sandusky
Wyandot County
119 North Seventh Street
Upper Sandusky, Ohio 43351

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Upper Sandusky, Wyandot County, Ohio (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 18, 2025, wherein we noted the City uses a special purpose framework other than generally accepted accounting principles.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2024-002 and 2024-003 that we consider to be material weaknesses.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2024-001 and 2024-003.

City's Response to Findings

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



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

November 18, 2025



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

City of Upper Sandusky
Wyandot County
119 North Seventh Street
Upper Sandusky, Ohio 43351

To the City Council:

Report on Compliance for the Major Federal Program

Qualified Opinion

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

Qualified Opinion on Assistance to Firefighters Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified* section of our report, the City of Upper Sandusky complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Assistance to Firefighters Grant for the year ended December 31, 2024.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on Assistance to Firefighters Grant

As described in finding 2024-004 in the accompanying schedule of findings, the City did not comply with requirements regarding reporting applicable to its AL # 97.044 Assistance to Firefighters Grant major federal program.

Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2024-004 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

KEITH FABER
Ohio Auditor of State



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

November 18, 2025

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**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Assistance to Firefighters Grant – AL #97.044
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2024-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the City to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

FINDING NUMBER 2024-001
(Continued)

The City prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the City may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the City's ability to evaluate and monitor the overall financial condition of the City. To help provide the users with more meaningful financial statements, the City should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2024-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Capital grants and contributions non-operating receipts in the amount of \$400,000 were improperly classified as other operating receipts in the Sewer fund on the Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Funds. In addition, this caused capital grants and contributions program cash receipts to be understated for Business-Type Activities Sewer and miscellaneous general receipts to be overstated for Business-Type Activities on the Statement of Activities - Cash Basis in the amount of \$400,000.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. The failure to prepare complete and accurate financial statements and notes to the financial statements could lead to the financial statements user making misinformed decisions about the City's financial position. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustment noted above, we also identified misstatements ranging from \$1,172 to \$2,154 that we have brought to the City's attention.

The City should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the City Auditor and Council to help identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2024-003

Noncompliance Citation and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

In 2024, the City inappropriately recorded \$42,994 of income tax revenue in the General fund. Given the source of the revenue, this should have been recorded in the Capital Improvements fund. In addition, the City had corresponding expenditures for fire truck improvements in 2024 out of the General fund that could have been recorded in the Capital Improvements fund. Audit adjustments are reflected in the financial statements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The City should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

Reporting

Finding Number:	2024-004
Assistance Listing Number and Title:	AL #97.044 Assistance to Firefighters Grant
Federal Award Identification Number / Year:	2024
Federal Agency:	U.S. Department of Homeland Security
Compliance Requirement:	Reporting
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

Noncompliance Citation and Material Weakness

2 CFR § 3002 gives regulatory effect to the Department of Homeland Security for **2 C.F.R. § 200.329(c)** which states, in part, reports submitted annually by the non-Federal entity and/or pass-through entity must be due no later than 90 calendar days after the reporting period. Reports submitted quarterly or semiannually must be due no later than 30 calendar days after the reporting period. The final performance report submitted by the non-Federal entity and/or pass through entity must be due no later than 120 calendar days after the period of performance end date.

Due to deficiencies in policies and procedures over reporting compliance we noted the following:

- The required Programmatic Performance Report (PPR) for the period of July 1, 2024 through December 31, 2024 was not submitted on the FEMA Go website;
- The required Federal Financial Report (SF-425) for the period of January 1, 2024 through June 30, 2024 was not submitted on the FEMA Go website; and
- Two of the three required Federal Financial Reports (SF-425) were submitted after the due date (one three days late, one over four months late).

FINDING NUMBER 2024-004
(Continued)

Failure to prepare and submit federal grant reports could result in the City not receiving the reimbursements that it is entitled to.

The City should implement policies and procedures to help ensure that federal grant reports are completed and submitted by the required date.

Officials' Response:

See Corrective Action Plan.

CITY OF UPPER SANDUSKY



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

Finding Number	Finding Summary	Status	Additional Information
2023-001	This finding was first reported in the audit of the 2023 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2024-001 in this report.	This is due to the City choosing to report on a basis other than generally accepted accounting principles due to the additional costs of preparing the financial statements according to generally accepted accounting principles and the current reporting basis having no impact on the City's debt. No corrective action is planned.
2023-002	This finding was first reported in the audit of the 2017-2018 financial statements. Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2024-002 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. An effort was made to correct errors in the financial statements, and the City will continue to implement policies and procedures to identify and correct errors and omissions in the financial statements and notes to the financial statements.
2023-003	Finding was first reported in the audit of the 2023 financial statements. Federal reporting requirements not met for the Coronavirus State and Local Fiscal Recovery Funds (AL #21.027) program received from U.S. Department of Treasury.	Not corrected and reissued as Finding 2024-004 in this report.	This finding reoccurred due to inadequate policies and procedures over federal reporting requirements. The City will work to ensure all reports for grant funding are completed.
2023-004	Finding was first reported in the audit of the 2023 financial statements. Federal reporting requirements not met for the Coronavirus State and Local Fiscal Recovery Funds (AL #21.027) program passed through Ohio Department of Development.	Not corrected and reissued as Finding 2024-004 in this report.	This finding reoccurred due to inadequate policies and procedures over federal reporting requirements. The City will work to ensure all reports for grant funding are completed.



CITY OF UPPER SANDUSKY

MUNICIPAL OFFICES
119 NORTH SEVENTH STREET
UPPER SANDUSKY, OHIO 43351
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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2024

Finding Number:	2024-001
Planned Corrective Action:	No planned corrective action, as management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the City's assets and debt.
Anticipated Completion Date:	N/A
Responsible Contact Person:	N/A
Finding Number:	2024-002
Planned Corrective Action:	An effort was made to correct errors in the financial statements, and the City will continue to implement policies and procedures to identify and correct errors and omissions in the financial statements and notes to the financial statements.
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Nickie Coppler, City Auditor
Finding Number:	2024-003
Planned Corrective Action:	The City will work to ensure income tax revenue is posted to the proper funds.
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Nickie Coppler, City Auditor
Finding Number:	2024-004
Planned Corrective Action:	The City will work to ensure all reports for grant funding are completed.
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Nickie Coppler, City Auditor



**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023

**CITY OF UPPER SANDUSKY
WYANDOT COUNTY
DECEMBER 31, 2023**

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**CITY OF UPPER SANDUSKY
WYANDOT COUNTY
DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Upper Sandusky
Wyandot County
119 North Seventh Street
Upper Sandusky, Ohio 43351

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Upper Sandusky, Wyandot County, Ohio (the City), as of and for the year ended December 31, 2023, 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 cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the respective budgetary comparison for the General, Street Maintenance and Repairs, Parks and Recreation, Indigent Drivers, and CDBG Revolving Loan funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the City to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 15 to the financial statements, during 2023, the City has elected to change its financial presentation to a cash basis of accounting comparable to the requirements of *Governmental Accounting Standards*. 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 the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

November 18, 2025

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City of Upper Sandusky
Wyandot County, Ohio
Statement of Net Position - Cash Basis
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 3,050,261	\$ 2,153,624	\$ 5,203,885
Cash and Cash Equivalents in Segregated Accounts	1,020	-	1,020
<i>Total Assets</i>	<u>3,051,281</u>	<u>2,153,624</u>	<u>5,204,905</u>
Net Position			
Restricted for:			
Capital Projects	273,721	-	273,721
Street Maintenance and Repairs	435,453	-	435,453
Indigent Drivers	371,375	-	371,375
Other Purposes	980,363	-	980,363
Unrestricted (Deficit)	<u>990,369</u>	<u>2,153,624</u>	<u>3,143,993</u>
<i>Total Net Position</i>	<u>\$ 3,051,281</u>	<u>\$ 2,153,624</u>	<u>\$ 5,204,905</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2023

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position	
	Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental Activities						
General Government	\$ 3,201,845	\$ 865,513	\$ 21,279	\$ -	\$ (2,315,053)	\$ -
Security of Persons and Property	3,273,499	21,497	-	-	(3,252,002)	-
Public Health	31,274	-	-	-	(31,274)	-
Leisure Time Services	619,742	51,353	1,500	-	(566,889)	-
Community Development	80,206	-	30,414	-	(49,792)	-
Basic Utility Service	31,145	-	-	-	(31,145)	-
Transportation	1,497,969	-	486,947	6,580	(1,004,442)	-
Debt Service						
Principal Retirement	180,910	-	-	-	(180,910)	-
Interest and Fiscal Charges	15,372	-	-	-	(15,372)	-
<i>Total Governmental Activities</i>	<u>8,931,962</u>	<u>938,363</u>	<u>540,140</u>	<u>6,580</u>	<u>(7,446,879)</u>	<u>-</u>
Business-Type Activities						
Water	4,463,212	2,845,850	-	920,126	-	(697,236)
Sewer	2,841,106	2,759,216	-	-	-	(81,890)
Sanitation	943,715	845,994	-	-	-	(97,721)
<i>Total Business-Type Activities</i>	<u>8,248,033</u>	<u>6,451,060</u>	<u>-</u>	<u>920,126</u>	<u>-</u>	<u>(876,847)</u>
<i>Total</i>	<u>\$ 17,179,995</u>	<u>\$ 7,389,423</u>	<u>\$ 540,140</u>	<u>\$ 926,706</u>	<u>(7,446,879)</u>	<u>(876,847)</u>
General Receipts						
Property Taxes Levied for:						
General Purposes					432,276	-
Income Taxes Levied for:						
General Purposes					2,769,816	-
Capital Projects					420,911	-
Recreational Purposes					561,215	-
Grants and Entitlements not Restricted to Specific Programs					341,729	-
Other Local Taxes					75,089	-
Payments in Lieu of Taxes					78,164	-
Proceeds of OPWC Loans					-	46,036
Proceeds of OWDA Loans					-	161,581
Investment Earnings					53,082	-
Miscellaneous					187,471	444,544
<i>Total General Receipts</i>					<u>4,919,753</u>	<u>652,161</u>
<i>Change in Net Position</i>					<u>(2,527,126)</u>	<u>(224,686)</u>
<i>Net Position Beginning of Year (Restated, See Note 14)</i>					<u>5,578,407</u>	<u>2,378,310</u>
<i>Net Position End of Year</i>					<u>\$ 3,051,281</u>	<u>\$ 2,153,624</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2023

	General	Street Maintenance and Repair	Parks and Recreation	Indigent Drivers	CDBG Revolving Loan	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 188,369	\$ 435,453	\$ 444,446	\$ 371,375	\$ 305,516	\$ 273,721	\$ 674,847	\$ 2,693,727
Cash and Cash Equivalents in Segregated Accounts	1,020	-	-	-	-	-	-	1,020
<i>Total Assets</i>	<u>\$ 189,389</u>	<u>\$ 435,453</u>	<u>\$ 444,446</u>	<u>\$ 371,375</u>	<u>\$ 305,516</u>	<u>\$ 273,721</u>	<u>\$ 674,847</u>	<u>\$ 2,694,747</u>
Fund Balances								
Restricted	\$ -	\$ 435,453	\$ -	\$ 371,375	\$ 305,516	\$ 273,721	\$ 674,847	\$ 2,060,912
Committed	-	-	444,446	-	-	-	-	444,446
Assigned	189,389	-	-	-	-	-	-	189,389
<i>Total Fund Balance</i>	<u>\$ 189,389</u>	<u>\$ 435,453</u>	<u>\$ 444,446</u>	<u>\$ 371,375</u>	<u>\$ 305,516</u>	<u>\$ 273,721</u>	<u>\$ 674,847</u>	<u>\$ 2,694,747</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities -Cash Basis
December 31, 2023

Total Governmental Fund Balances	\$ 2,694,747
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Amounts reported for governmental activities in the statement of net position are different because:

An internal service fund is used by management to charge the costs of insurance to individual funds.

The assets and net position of the internal service fund are included
in governmental activities in the statement of net position.

356,534

Net Position of Governmental Activities

\$ 3,051,281

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2023

	General	Street Maintenance and Repair	Parks and Recreation	Indigent Drivers	CDBG Revolving Loan	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Receipts								
Property Taxes	\$ 432,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432,276
Income Taxes	2,769,816	-	561,215	-	-	420,911	-	3,751,942
Other Local Taxes	52,054	-	-	-	-	-	23,035	75,089
Payments in Lieu of Taxes	-	-	-	-	-	78,164	-	78,164
Charges for Services	35,221	-	51,353	-	-	-	-	86,574
Licenses and Permits	84,267	-	-	-	-	-	-	84,267
Fines and Forfeitures	540,498	-	-	12,018	-	-	215,006	767,522
Intergovernmental	341,729	430,641	-	-	-	-	56,306	828,676
Interest	53,082	-	-	-	9,048	-	-	62,130
Contributions and Donations	21,279	-	1,500	-	-	6,580	-	29,359
Other	118,199	14,972	47,234	-	21,366	1,719	5,347	208,837
Total Receipts	4,448,421	445,613	661,302	12,018	30,414	507,374	299,694	6,404,836
Disbursements								
Current:								
General Government	2,105,432	-	-	-	-	-	717,035	2,822,467
Security of Persons and Property	2,675,442	-	-	-	-	-	-	2,675,442
Public Health	31,274	-	-	-	-	-	-	31,274
Leisure Time Services	21,310	-	523,864	-	-	-	-	545,174
Community Development	18,270	-	-	-	-	61,936	-	80,206
Basic Utility Service	-	-	-	-	-	31,145	-	31,145
Transportation	-	454,988	-	-	-	582,567	52,075	1,089,630
Debt Service:								
Principal Retirement	79,591	-	-	-	-	97,499	-	177,090
Interest and Fiscal Charges	3,887	-	-	-	-	11,485	-	15,372
Total Disbursements	4,935,206	454,988	523,864	-	-	784,632	769,110	7,467,800
Net Change in Fund Balances	(486,785)	(9,375)	137,438	12,018	30,414	(277,258)	(469,416)	(1,062,964)
Fund Balances Beginning of Year (Restated, See Note 14)	676,174	444,828	307,008	359,357	275,102	550,979	1,144,263	3,757,711
Fund Balances End of Year	\$ 189,389	\$ 435,453	\$ 444,446	\$ 371,375	\$ 305,516	\$ 273,721	\$ 674,847	\$ 2,694,747

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
*Reconciliation of the Statement of Receipts, Disbursements and Changes
in Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis
For the Year Ended December 31, 2023*

Net Change in Fund Balances - Total Governmental Funds	\$ (1,062,964)
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Amounts reported for governmental activities in the statement of activities are different because:

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental disbursements and related internal service fund receipts are eliminated. The net receipt (disbursement) of the internal service fund is allocated among the governmental activities.	<u>(1,464,162)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ (2,527,126)</u></u>
--	------------------------------

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Receipts				
Property Taxes	\$ 304,662	\$ 252,680	\$ 432,276	\$ 179,596
Income Taxes	2,932,584	3,138,420	2,769,816	(368,604)
Other Local Taxes	40,703	34,443	52,054	17,611
Charges for Services	48,917	44,682	35,221	(9,461)
Licenses and Permits	79,143	69,010	84,267	15,257
Fines and Forfeitures	508,878	453,882	540,498	86,616
Intergovernmental	259,538	218,444	341,729	123,285
Interest	7,000	7,000	53,082	46,082
Contributions and Donations	-	-	21,279	21,279
Other	22,601	15,464	118,199	102,735
<i>Total Receipts</i>	<u>4,204,026</u>	<u>4,234,025</u>	<u>4,448,421</u>	<u>214,396</u>
Disbursements				
Current:				
General Government	2,202,355	2,030,199	2,096,792	(66,593)
Security of Persons and Property	2,449,249	2,689,101	2,675,442	13,659
Public Health	31,600	31,400	31,274	126
Leisure Time Services	-	-	21,310	(21,310)
Community Development	20,500	18,770	18,270	500
Debt Service:				
Principal Retirement	75,323	79,723	79,591	132
Interest and Fiscal Charges	3,892	3,892	3,887	5
<i>Total Disbursements</i>	<u>4,782,919</u>	<u>4,853,085</u>	<u>4,926,566</u>	<u>(73,481)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(578,893)</u>	<u>(619,060)</u>	<u>(478,145)</u>	<u>140,915</u>
Other Financing (Uses)				
Transfers Out	(14,850)	(14,850)	-	14,850
<i>Net Change in Fund Balance</i>	<u>(593,743)</u>	<u>(633,910)</u>	<u>(478,145)</u>	<u>155,765</u>
<i>Fund Balance Beginning of Year</i>	<u>637,304</u>	<u>637,304</u>	<u>637,304</u>	<u>-</u>
Prior Year Encumbrances Appropriated	28,912	28,912	28,912	-
<i>Fund Balance End of Year</i>	<u>\$ 72,473</u>	<u>\$ 32,306</u>	<u>\$ 188,071</u>	<u>\$ 155,765</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Street Maintenance and Repairs Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Intergovernmental	\$ 430,000	\$ 430,000	\$ 430,641	\$ 641
Other	8,000	8,000	14,972	6,972
<i>Total Receipts</i>	<u>438,000</u>	<u>438,000</u>	<u>445,613</u>	<u>7,613</u>
Disbursements				
Current:				
Transportation	<u>384,550</u>	<u>472,769</u>	<u>454,988</u>	<u>17,781</u>
<i>Net Change in Fund Balance</i>	53,450	(34,769)	(9,375)	25,394
<i>Fund Balance Beginning of Year</i>	<u>444,828</u>	<u>444,828</u>	<u>444,828</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 498,278</u>	<u>\$ 410,059</u>	<u>\$ 435,453</u>	<u>\$ 25,394</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Parks and Recreation Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Income Taxes	\$ 480,000	\$ 480,000	\$ 561,215	\$ 81,215
Charges for Services	45,500	45,500	51,353	5,853
Contributions and Donations	-	-	1,500	1,500
Miscellaneous	20,100	20,100	47,234	27,134
<i>Total Receipts</i>	<u>545,600</u>	<u>545,600</u>	<u>661,302</u>	<u>115,702</u>
Disbursements				
Current:				
Leisure Time Activities	<u>614,650</u>	<u>604,300</u>	<u>523,864</u>	<u>80,436</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(69,050)</u>	<u>(58,700)</u>	<u>137,438</u>	<u>196,138</u>
Other Financing Sources (Uses)				
Transfers In	<u>480,000</u>	<u>480,000</u>	<u>-</u>	<u>(480,000)</u>
<i>Net Change in Fund Balance</i>	410,950	421,300	137,438	(283,862)
<i>Fund Balance Beginning of Year</i>	306,059	306,059	306,059	-
Prior Year Encumbrances Appropriated	<u>949</u>	<u>949</u>	<u>949</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 717,958</u>	<u>\$ 728,308</u>	<u>\$ 444,446</u>	<u>\$ (283,862)</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Indigent Drivers Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 12,018	\$ (2,982)
Disbursements				
Current:				
General Government	50,000	50,000	-	50,000
<i>Net Change in Fund Balance</i>	(35,000)	(35,000)	12,018	47,018
<i>Fund Balance Beginning of Year</i>	359,357	359,357	359,357	-
<i>Fund Balance End of Year</i>	<u>\$ 324,357</u>	<u>\$ 324,357</u>	<u>\$ 371,375</u>	<u>\$ 47,018</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
CDBG Revolving Loan Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Interest	\$ 6,000	\$ 6,000	\$ 9,048	\$ 3,048
Other	21,500	21,500	21,366	(134)
<i>Total Revenues</i>	<u>27,500</u>	<u>27,500</u>	<u>30,414</u>	<u>2,914</u>
Disbursements				
Current:				
Community and Economic Development	<u>262,000</u>	<u>262,000</u>	<u>-</u>	<u>262,000</u>
<i>Net Change in Fund Balance</i>	(234,500)	(234,500)	30,414	264,914
<i>Fund Balance Beginning of Year</i>	<u>275,102</u>	<u>275,102</u>	<u>275,102</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 40,602</u>	<u>\$ 40,602</u>	<u>\$ 305,516</u>	<u>\$ 264,914</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2023

	Enterprise Funds				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 231,203	\$ 1,861,808	\$ 60,613	\$ 2,153,624	\$ 356,534
Net Position					
Unrestricted (Deficit)	\$ 231,203	\$ 1,861,808	\$ 60,613	\$ 2,153,624	\$ 356,534

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise				Governmental Activities
	Water	Sewer	Sanitation	Total	Internal Service Fund
Operating Receipts					
Charges for Services	\$ 2,845,850	\$ 2,759,216	\$ 845,994	\$ 6,451,060	\$ 1,282,575
Other	370,888	34,729	38,927	444,544	-
<i>Total Operating Receipts</i>	<u>3,216,738</u>	<u>2,793,945</u>	<u>884,921</u>	<u>6,895,604</u>	<u>1,282,575</u>
Operating Disbursements					
Personal Services	777,014	639,341	461,553	1,877,908	-
Contractual Services	357,027	493,252	321,090	1,171,369	1,213,476
Materials and Supplies	415,679	250,663	133,401	799,743	-
Capital Outlay	1,668,299	108,031	24,784	1,801,114	-
Claims	-	-	-	-	1,533,261
Other	6,750	2,887	2,887	12,524	-
<i>Total Operating Disbursements</i>	<u>3,224,769</u>	<u>1,494,174</u>	<u>943,715</u>	<u>5,662,658</u>	<u>2,746,737</u>
<i>Operating Income (Loss)</i>	<u>(8,031)</u>	<u>1,299,771</u>	<u>(58,794)</u>	<u>1,232,946</u>	<u>(1,464,162)</u>
Non-Operating Receipts (Disbursements)					
Capital Grants and Contributions	920,126	-	-	920,126	-
Proceeds of OPWC Loans	46,036	-	-	46,036	-
Proceeds of OWDA Loans	161,581	-	-	161,581	-
Principal Retirement	(839,699)	(1,288,744)	-	(2,128,443)	-
Interest	(398,744)	(58,188)	-	(456,932)	-
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(110,700)</u>	<u>(1,346,932)</u>	<u>-</u>	<u>(1,457,632)</u>	<u>-</u>
<i>Change in Net Position</i>	<u>(118,731)</u>	<u>(47,161)</u>	<u>(58,794)</u>	<u>(224,686)</u>	<u>(1,464,162)</u>
<i>Net Position Beginning of Year (Restated, See Note 14)</i>	<u>349,934</u>	<u>1,908,969</u>	<u>119,407</u>	<u>2,378,310</u>	<u>1,820,696</u>
<i>Net Position End of Year</i>	<u>\$ 231,203</u>	<u>\$ 1,861,808</u>	<u>\$ 60,613</u>	<u>\$ 2,153,624</u>	<u>\$ 356,534</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2023

	<u>Custodial</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	\$ <u>32,435</u>
Net Position	
Restricted Net Position for Individuals, Organizations & Other Governments	\$ <u>32,435</u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2023

	<u>Custodial</u>
Additions	
Fines & Forfeitures for Other Governments	<u>\$ 836,395</u>
Deductions	
Fines & Forfeitures Distributions to Other Governments	<u>855,237</u>
<i>Change in Net Position</i>	(18,842)
<i>Net Position Beginning of Year</i>	<u>51,277</u>
<i>Net Position End of Year</i>	<u><u>\$ 32,435</u></u>

See accompanying notes to the basic financial statements.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1 – DESCRIPTION OF THE ENTITY AND REPORTING ENTITY

The City of Upper Sandusky (the City) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City operates under the mayor-council form of charter government as approved on October 25, 1976. The City provides police protection within its boundaries and fire protection to its citizens and adjacent townships. The City provides basic utilities in the form of water, wastewater treatment and sanitation pick up. The City constructs and maintains streets and sidewalks within the City. The City also operates a swimming pool and maintains three parks.

Reporting Entity: A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financials are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; 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. Components units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt or the levying of their taxes. The City has no component units.

The City's Municipal Court has been included in the City's financial statements as a custodial fund. The judge is an elected city official who has a fiduciary responsibility for the collection and distribution of court fees and fines.

The City participates in a public entity risk pool, the Public Entities Pool of Ohio. Note 7 to the financial statements provide additional information for this entity.

Management believes the financial statements included in this report represent all of the funds of the City over which the City has the ability to exercise direct operating control.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the City's accounting policies.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Basis of Presentation

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the City at year end. The statement of activities compares disbursements and program receipts for each program or function of the City's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the City is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the City, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the City.

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

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

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Governmental Funds Governmental funds are those through which most governmental functions of the City are financed. The following are the City's major governmental funds:

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the City.

Parks and Recreation Fund The parks and recreation fund accounts for financial resources to be used for operating and maintaining the City's recreational facilities and programs.

Indigent Drivers Fund The indigent drivers fund accounts for and reports resources restricted for addiction treatment services for offenders convicted of operating a vehicle under the influence of alcohol or drugs who are unable to pay for those services.

CDBG Revolving Loan Fund The CDBG revolving loan fund accounts for financial resources to be used supplementary financing for start-up and existing businesses to help ensure their success.

Capital Improvements Fund The capital improvements fund accounts for and reports that portion of municipal income tax committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the City.

The other governmental funds of the City account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds The City classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

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

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the City.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the City.

Sanitation Fund This fund accounts for the financial transactions related to the refuse pickup operations of the City.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's internal service fund accounts for monies received for the activities of the insurance program for employee health benefits. As of January 1, 2023, the City is no longer self-insured. However, the City will continue to operate an internal service fund until all outstanding claims have been paid.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Presently, the City has no trust funds, investment trust funds or private-purpose trust funds. The City presently has one custodial fund for the Municipal Court.

Basis of Accounting

The City's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the City's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the City are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount City Council may appropriate.

The appropriations ordinance is City Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by City Council. The legal level of control has been established by City Council at the fund, department, and object level for all funds.

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

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

Cash and Investments

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the statement of fiduciary assets and net position as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2023, the City invested in nonnegotiable certificates of deposit. Investments are reported at cost.

Interest earnings are allocated to City funds according to State statutes, the Charter and Codified Ordinances of the City, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2023 was \$53,082 which includes \$49,490 assigned from other City funds.

Inventory and Prepaid Items

The City reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the City's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The City recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Pensions

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension 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 systems report investments at fair value.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Long-Term Obligations

The City's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and financed purchase payments are reported when paid.

Leases and SBITAs

For 2023, GASB Statement No. 96, *Subscription-Based Technology Arrangements*, was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The City is the lessee (as defined by GASB 87) in various leases related to vehicles and other equipment under noncancelable leases. Intangible right to use asset/lease payable are not reflected under the City's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid

The City entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription assets/liabilities are not reflected under the City's cash basis of accounting. Subscription disbursements are recognized when they are paid.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$1,980 are reflected as fines and forfeitures revenue in the OneOhio Special Revenue Fund in the accompanying financial statements.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for computer legal research and special projects.

Fund Balance

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

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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 that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State Statute authorizes the City Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Internal Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – COMPLIANCE

Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, the City prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
2. Outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis).
3. Unreported interest is reported on the statement of receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	General Fund	Street Maintenance and Repairs Fund	Parks and Recreation Fund	Indigent Drivers Fund	CDBG Revolving Loan Fund
Cash Basis	\$ (486,785)	\$ (9,375)	\$ 137,438	\$ 12,018	\$ 30,414
Funds Budgeted Elsewhere	8,640	-	-	-	-
Encumbrances	-	-	-	-	-
Budget Basis	<u>\$ (478,145)</u>	<u>\$ (9,375)</u>	<u>\$ 137,438</u>	<u>\$ 12,018</u>	<u>\$ 30,414</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds, and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the City and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At year end, the City had \$675 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits

At year-end, \$4,928,373 of the City's bank balance of \$5,718,752 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

NOTE 6 –TAXES

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$ 151,039,870
Public Utilities	<u>7,671,300</u>
	<u>\$ 158,711,170</u>

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

Income Taxes

The City levies and collects an income tax of 1 percent on all income earned within the City as well as on incomes of residents earned outside the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Council has authority to establish re-allocation of income tax as needed. After defraying all necessary costs of collecting, administering, and enforcing the tax, the balance shall be allocated 72 percent to the general fund, 16 percent to the parks and recreation fund and 12 percent to the capital improvement fund.

NOTE 7 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, addressed these risk per below:

Risk Pool Membership

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

The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2023:

	2023
Cash and Investments	\$ 43,996,442
Actuarial Liabilities	\$ 19,743,401

There has not been a significant reduction in commercial coverage from the prior year and settled claims have not exceeded coverage in any of the last three years.

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Workers' Compensation

Workers' compensation coverage is provided by the State. The City pays State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Health and Prescription Coverage

As of January 1, 2023, the City is no longer self-insured. The City contracts with Anthem for major medical insurance, vision insurance and dental insurance for all full-time employees. The City pays a portion of each employee's medical insurance. Dental and vision coverages are provided at no cost to the employee. The City's portion for coverage is as follows:

<u>Coverage</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>
Single	\$499.76	\$23.95	\$5.27
Employee + Child(ren)	842.79	48.86	10.56
Employee + Spouse	1131.98	61.02	11.89
Family	1573.63	90.58	18.71

NOTE 8 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The net pension/net OPEB liability are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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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
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a 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 base retirement benefit at the date of retirement and is not compounded. 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.

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

	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2023 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 \$387,423 for 2023.

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

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

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

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

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, statutory survivors and annuity beneficiaries. 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.

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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>
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 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	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$193,401 for 2023.

Pension Liability

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. 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>
Proportion of the Net Pension Liability:			
Current Measurement Period	0.016960%	0.0344965%	
Prior Measurement Period	0.017568%	0.0359473%	
Change in Proportion	<u>-0.000608%</u>	<u>-0.0014508%</u>	
Proportionate Share of the Net Pension Liability	\$ 5,009,991	\$ 3,276,833	\$ 8,286,824

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
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	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.90 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. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). 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 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for 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 loss of 12.10 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 real 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 rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 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 contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,504,800	\$ 5,009,991	\$ 2,934,758

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: 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, 2022, are presented below.

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Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost of Living Adjustments	2.20 percent simple per year

For 2022, the mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted to 96.20 percent for males and 98.70 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, 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.

For 2022, 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.

For 2022, 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.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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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 geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

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 their 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 The total pension liability was calculated using the discount rate of 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 of 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.

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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	Current Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 4,322,775	\$ 3,276,833	\$ 2,407,341

NOTE 9 – POSTEMPLOYMENT BENEFITS

Net OPEB Liability

See Note 8 for a description of the net OPEB liability.

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. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension 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. Medicare-enrolled retirees may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

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 retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

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Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,
A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't 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.

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.

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.

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.

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

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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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. 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 2023, OPERS did not allocate any employer contribution to health care for members. 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City had no contractually required contribution for 2023.

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.

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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.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, 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 OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$4,897 for 2023.

Net OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, 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, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.015995%	0.0344965%	
Prior Measurement Period	0.016553%	0.0359473%	
Change in Proportion	<u>-0.000558%</u>	<u>-0.0014508%</u>	
Proportionate Share of the Net OPEB Liability	\$ 100,852	\$ 245,605	\$ 346,457

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Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent	2.75 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	4.05 percent	1.84 percent
Health Care Cost Trend Rate	5.50 percent, initial	5.50 percent, initial
	3.50 percent, ultimate in 2036	3.50 percent, ultimate in 2034
Actuarial Cost Method	Individual Entry Age	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. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). 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 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 loss of 15.6 percent for 2022.

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The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees 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 the benefits provided through the defined 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 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, 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	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	<u>100.00%</u>	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 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) 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 percent and a municipal bond rate of 4.05 percent (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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, 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 to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 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 (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

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	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 343,253	\$ 100,852	\$ (99,169)

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 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 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 2023 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 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 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 94,530	\$ 100,852	\$ 107,966

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, 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 the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2022, with Actuarial Liabilities Rolled Forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 Percent
Projected Salary Increases	3.75 Percent to 10.50 Percent
Payroll Growth	3.25 Percent
Blended Discount Rate:	
Current Measurement Date	4.27 Percent
Prior Measurement Date	2.84 Percent
Cost of Living Adjustments	2.20 Percent Simple per Year
Projected Depletion Year of OPEB Assets	2036

For 2022, 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.

For 2022, 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.

For 2022, 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.

For 2022, 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.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

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Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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 the Statement of Investment Policy. A forecasted rate of inflation serves as the 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 averaged 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 geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

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 1.2 times due to the application of leverage in certain fixed income asset classes.

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Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution 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 of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 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 (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 302,440	\$ 245,605	\$ 197,622

NOTE 10 – DEBT

The City's debt activity for the current year activity was as follows:

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023	Amount Due Within One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
Capital Improvement Bonds - 2005	\$ 120,000	\$ -	\$ 38,000	\$ 82,000	\$ 40,000
<i>Direct Placements:</i>					
Fire Truck Bond, Series 2014	92,879	-	45,746	47,133	47,133
Fire Truck Bond, Series 2017	185,800	-	34,800	151,000	35,900
<i>Total Direct Placements</i>	<u>278,679</u>	<u>-</u>	<u>80,546</u>	<u>198,133</u>	<u>83,033</u>
<i>Direct Borrowings:</i>					
<i>OPWC Loans:</i>					
2004 Rock Run Road Improvements	9,550	-	3,820	5,730	3,820
2005 CSO Removal	37,931	-	12,642	25,289	12,643
2011 Commerce Drive Storm Drainage	168,864	-	8,237	160,627	8,237
<i>Total Direct Borrowings</i>	<u>216,345</u>	<u>-</u>	<u>24,699</u>	<u>191,646</u>	<u>24,700</u>
<i>Other Long-Term Obligations:</i>					
Leases*	19,736	56,037	39,869	35,904	17,261
Total Governmental Activities	<u>\$ 634,760</u>	<u>\$ 56,037</u>	<u>\$ 183,114</u>	<u>\$ 507,683</u>	<u>\$ 164,994</u>

*Lease deductions include an adjustment of \$6,024 due to early payoff of the Police Copier Lease.

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	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023	Amount Due Within One Year
Business-Type Activities:					
<i>Direct Borrowings:</i>					
<i>OWDA Loans:</i>					
2002 Reservoir Construction**	\$ 235,602	\$ -	\$ 235,602	\$ -	\$ -
2010 WTP & Storage Tower	11,050,546	-	441,392	10,609,154	456,123
2013 Warpole Waterlines installed	400,436	-	15,350	385,086	15,766
2013 NE Quadrant Waterlines	998,844	-	78,070	920,774	79,639
2016 Sewer Separation	5,513,196	-	355,154	5,158,042	358,714
2019 WWTP Upgrades	24,922,765	-	861,358	24,061,407	890,006
2022 Water Meter Replacement	757,660	161,581	54,424	864,817	35,121
<i>Total OWDA Loans</i>	<u>43,879,049</u>	<u>161,581</u>	<u>2,041,350</u>	<u>41,999,280</u>	<u>1,835,369</u>
<i>OPWC Loans:</i>					
2013 Elevated Tank Painting	366,665	-	16,667	349,998	16,667
2013 Waterline Replacement	312,617	-	13,894	298,723	13,894
2013 Waterline Replacement	259,479	-	11,532	247,947	11,532
2016 Sewer Separation	697,500	-	45,000	652,500	45,000
2022 Water Meter Replacement	102,335	46,036	-	148,371	7,419
<i>Total OPWC Loans</i>	<u>1,738,596</u>	<u>46,036</u>	<u>87,093</u>	<u>1,697,539</u>	<u>94,512</u>
<i>Total Direct Borrowings</i>	<u>45,617,645</u>	<u>207,617</u>	<u>2,128,443</u>	<u>43,696,819</u>	<u>1,929,881</u>
<i>Total Business-Type Activities</i>	<u>45,617,645</u>	<u>207,617</u>	<u>2,128,443</u>	<u>43,696,819</u>	<u>1,929,881</u>

**Previously recorded in Governmental Activities.

Governmental Activities

General Obligation Bonds

The Capital Improvement Bond, Series 2005 was issued for the purpose of paying the costs of improvements East Wyandot Avenue. This bond is a direct obligation of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City in the capital improvement fund. The interest on this bond is 3 percent to 4.8 percent and is scheduled to mature in August 2025.

Direct Placements

The Fire Truck Bond-Series 2014 financed the purchase of a 2013 Pierce Velocity Chassis fire truck. This bond is a direct obligation of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City in the general fund. The interest on this bond is 3.25 percent and is scheduled to mature in February 2024.

The Fire Truck Bond-Series 2017 financed the purchase of a 2012 Pierce Ladder fire truck. This bond is a direct obligation of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the City in the capital improvement fund. The interest on this bond is 3.25 percent and is scheduled to mature in October 2027.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Direct Borrowings

The OPWC loan financed the 2004 Rock Run Road improvements in the amount of \$76,400. The retirement of this 0.0 percent interest loan will be made by the capital improvement fund. This loan is scheduled to mature on January 1, 2025.

The OPWC loan financed the 2005 Crawford/Hicks CSO removal in the amount of \$252,849. The retirement of this 0.0 percent interest loan will be made by the capital improvement fund. This loan is scheduled to mature on July 1, 2025.

The OPWC loan financed the 2011 project entitled Commerce Drive Storm Drainage improvements in the amount of \$247,119. The retirement of this 0.0 percent interest loan will be made by the capital improvement fund. This loan is scheduled to mature on January 1, 2043.

Business-type Activities

Direct Borrowings

The OWDA loan financed the 2002 reservoir construction project in the amount of \$6,234,116. The retirement of this 4.65 percent interest loan will be made by the capital improvement fund. The final payment for this loan was from the water fund. This loan was paid in full during 2023.

The OWDA loan financed the new 2010 water treatment and storage tower in the amount of \$15,209,357. The retirement of this 3.31 percent interest loan will be made by the water fund. This loan is scheduled to mature on July 1, 2041.

The OWDA loan financed the 2013 waterline project on Warpole Street in the amount of \$533,351. The retirement of this 2.69 percent interest loan will be made by the water fund. This loan is scheduled to mature on January 1, 2043.

The OWDA loan financed the 2013 waterline project on the NE Quadrant and tank painting in the amount of \$1,603,297. The retirement of this 2 percent interest loan will be made by the water fund. This loan is scheduled to mature on July 1, 2034.

The OWDA loan financed the 2016 sewer separation on various streets in the amount of \$7,389,021. The retirement of this 1.0 percent interest loan will be made by the sewer fund. This loan is scheduled to mature on July 1, 2037.

The OWDA loan financed the 2019 wastewater treatment plant upgrades in the amount of \$26,830,924, of which \$100,000 of principal has been forgiven. The retirement of this 0.01 percent interest loan will be made by the sewer fund. This loan is scheduled to mature on January 1, 2051.

The OWDA loan financed the 2022 water meter replacement in the amount of \$919,241. The retirement of this 0.29 percent interest loan will be made by the water fund and sewer funds. The loan is scheduled to mature on January 1st, 2043.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest.

The OPWC loan financed the 2013 project entitled Elevated tank repainting in the amount of \$500,000. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$8,333. This loan is scheduled to mature on July 1, 2044.

The OPWC loan financed the various 2013 waterline projects in the amount of \$345,969. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$5,766. This loan is scheduled to mature on January 1, 2045.

The OPWC loan financed the various 2013 waterline projects in the amount of \$416,822. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$6,947. This loan is scheduled to mature on January 1, 2045.

The OPWC loan financed the 2016 sewer separation on various streets in the amount of \$900,000. The retirement of this 0.0 percent interest loan will be made by the sewer fund with bi-annual payments of \$22,500. This loan is scheduled to mature on January 1, 2038.

The OPWC loan financed the 2022 water meter replacement in the amount of \$148,371. The retirement of this 0.0 percent interest loan will be made by the water fund with bi-annual payments of \$3,709. This loan is scheduled to mature on July 1, 2043.

In the event of default, as defined by each OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

Principal and interest requirements to retire the long-term debt obligations outstanding at December 31, 2023 are as follows:

Governmental Activities					
Year Ending December 31,	OPWC Loans	Bonds		Totals	
	Principal	Principal	Interest	Principal	Interest
2024	\$ 24,700	\$ 123,033	\$ 10,098	\$ 147,733	\$ 10,098
2025	22,790	79,200	5,457	101,990	5,457
2026	8,237	38,300	2,222	46,537	2,222
2027	8,237	39,600	969	47,837	969
2028	8,237	-	-	8,237	-
2029-2033	41,185	-	-	41,185	-
2034-2038	41,190	-	-	41,190	-
2039-2043	37,070	-	-	37,070	-
	<u>\$ 191,646</u>	<u>\$ 280,133</u>	<u>\$ 18,746</u>	<u>\$ 471,779</u>	<u>\$ 18,746</u>

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Business-Type Activities					
Year Ending December 31,	OWDA Loans		OPWC Loans	Total	
	Principal	Interest	Principal	Principal	Interest
2024	\$ 1,835,369	\$ 431,540	\$ 94,512	\$ 1,929,881	\$ 431,540
2025	1,866,152	410,200	94,512	1,960,664	410,200
2026	1,887,805	388,547	94,512	1,982,317	388,547
2027	1,910,065	366,287	94,512	2,004,577	366,287
2028	1,932,952	343,401	94,512	2,027,464	343,401
2029-2033	10,031,329	1,350,435	472,560	10,503,889	1,350,435
2034-2038	9,634,615	693,584	450,056	10,084,671	693,584
2039-2043	6,656,634	107,619	247,556	6,904,190	107,619
2044-2048	4,459,833	2,120	54,807	4,514,640	2,120
2049-2050	1,784,526	233	-	1,784,526	233
	<u>\$ 41,999,280</u>	<u>\$ 4,093,966</u>	<u>\$ 1,697,539</u>	<u>\$ 43,696,819</u>	<u>\$ 4,093,966</u>

The City has pledged future water revenue and sewer revenue, net of specified operating expenses to repay \$43,696,819 to Ohio Public Works Commission (OPWC) and Ohio Water Development Authority (OWDA). Annual principal and interest payments, as a percentage of net customer revenues, on the loans are expected to be similar over the term of the loans as in the current year, which were 73.5 percent. The total principal and interest remaining to be paid on the loans is \$47,790,775. Principal and interest paid for the current year and total net revenues were \$2,585,375 and \$3,518,187, respectively.

Leases

During 2019, the City entered into lease agreement for a copier and supplies, which expires December 5, 2025. This lease was paid in full during 2023.

During 2021, the City entered into a lease agreement as lessee for financing the acquisition of a K-9 police cruiser and equipment at 6.15 percent interest. This lease was paid in full during 2023.

During 2023, the City entered into a lease agreement as lessee for financing the acquisition of a police cruiser and equipment at 8 percent interest, with an ending date of April 12, 2025.

The leases will be paid from the general fund.

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2023:

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Governmental Activities			
Year Ending December 31,	Principal	Interest	Total
2024	\$ 17,261	\$ 2,872	\$ 20,133
2025	18,643	1,491	20,134
	<u>\$ 35,904</u>	<u>\$ 4,363</u>	<u>\$ 40,267</u>

NOTE 11 – CONTINGENT LIABILITIES

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by grantor agencies or their representative. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

Litigation

The City may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the law director the resolution of these matters will not have a material adverse effect on the financial condition of the government.

NOTE 12 – FUND BALANCES

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

	General Fund	Street Maintenance and Repairs Fund	Parks and Recreation Fund	Indigent Drivers Fund
Restricted for:				
Capital Projects	\$ -	\$ -	\$ -	\$ -
Street Maintenance and Repairs	-	435,453	-	-
Indigent Drivers	-	-	-	371,375
Computer Legal Research	-	-	-	-
CDBG Revolving Loan	-	-	-	-
Special Projects	-	-	-	-
Other Purposes	-	-	-	-
Total Restricted	-	435,453	-	371,375
Committed to:				
Parks and Recreation	-	-	444,446	-
Assigned for:				
Subsequent Year Appropriations	189,389	-	-	-
Total Fund Balance	<u>\$ 189,389</u>	<u>\$ 435,453</u>	<u>\$ 444,446</u>	<u>\$ 371,375</u>

(Continued)

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	CDBG Revolving Loan Fund	Capital Improvements Fund	Other Governmental Funds	Total
Restricted for:				
Capital Projects	\$ -	\$ 273,721	\$ -	\$ 273,721
Street Maintenance and Repairs	-	-	-	435,453
Indigent Drivers	-	-	-	371,375
Computer Legal Research	-	-	175,009	175,009
CDBG Revolving Loan	305,516	-	-	305,516
Special Projects	-	-	138,369	138,369
Other Purposes	-	-	361,469	361,469
Total Restricted	305,516	273,721	674,847	2,060,912
Committed to:				
Parks and Recreation	-	-	-	444,446
Assigned for:				
Subsequent Year Appropriations	-	-	-	189,389
Total Fund Balance	\$ 305,516	\$ 273,721	\$ 674,847	\$ 2,694,747

NOTE 13 – ASSET RETIREMENT OBLIGATION

State and federal laws and regulations require the City to go through a decommissioning process if the wastewater treatment facility was to close. Through the decommissioning process, the City would be responsible for remediating any public safety issues associated with the wastewater treatment facility. The asset retirement obligation associated with the City's wastewater treatment facility cannot be estimated at this time. Additionally, due to the City's application of the cash basis of accounting, this long-term obligation would not be reported as a liability in the financial statements.

NOTE 14 – OTHER RECEIPTS

Other receipts consist mainly of donations and principal receipts in the Parks and Recreation and CDBG Revolving Loan funds.

City of Upper Sandusky
Wyandot County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 15 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF NET POSITION/FUND BALANCE

During 2023, the City converted to the cash basis of accounting described in Note 2.

The implementation had the following effects on fund balances:

	General Fund	Street Maintenance and Repairs Fund	Parks and Recreation Fund	Indigent Drivers Fund
Fund Balance, December 31, 2022	\$ 813,941	\$ 518,112	\$ 372,811	\$ 360,079
Change in Accounting Basis	(137,767)	(73,284)	(65,803)	(722)
Adjusted Fund Balance, January 1, 2023	<u>\$ 676,174</u>	<u>\$ 444,828</u>	<u>\$ 307,008</u>	<u>\$ 359,357</u>

(Continued)

	CDBG Revolving Loans Fund	Capital Improvements Fund	All Other Governmental Funds	Total
Fund Balance, December 31, 2022	\$ 469,313	\$ 555,302	\$ 560,826	\$ 3,650,384
Change in Accounting Basis	(194,211)	(4,323)	583,437	107,327
Adjusted Fund Balance, January 1, 2023	<u>\$ 275,102</u>	<u>\$ 550,979</u>	<u>\$ 1,144,263</u>	<u>\$ 3,757,711</u>

The implementation had the following effects on net position:

	Business-Type Activities				Governmental- Activities Internal Service Fund
	Water Fund	Sewer Fund	Sanitation Fund	Total	
Net Position, December 31, 2022	\$ 10,673,637	\$ 7,508,625	\$ 429,729	\$ 18,611,991	\$ 322,990
Change in Accounting Basis	(10,323,703)	(5,599,656)	(310,322)	(16,233,681)	1,497,706
Adjusted Net Position, January 1, 2023	<u>\$ 349,934</u>	<u>\$ 1,908,969</u>	<u>\$ 119,407</u>	<u>\$ 2,378,310</u>	<u>\$ 1,820,696</u>

	Governmental Activities	Business-Type Activities	Fiduciary Funds Custodial
Net Position, December 31, 2022	\$ 14,358,675	\$ 18,611,991	\$ 22,497
Change in Accounting Basis	(8,780,268)	(16,233,681)	28,780
Adjusted Net Position, January 1, 2023	<u>\$ 5,578,407</u>	<u>\$ 2,378,310</u>	<u>\$ 51,277</u>

**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY		
<i>Direct Assistance</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 491,564
<i>Passed Through Ohio Department of Development</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	549,892
Total AL #21.027		<u>1,041,456</u>
Total U.S. Department of Treasury		<u>1,041,456</u>
Total Expenditures of Federal Awards		<u>\$ 1,041,456</u>

The accompanying notes are an integral part of this schedule.

**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Upper Sandusky, Wyandot County, Ohio (the City) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in net position of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

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

City of Upper Sandusky
Wyandot County
119 North Seventh Street
Upper Sandusky, Ohio 43351

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Upper Sandusky, Wyandot County, Ohio (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 18, 2025, wherein we noted the City began using a special purpose framework other than generally accepted accounting principles.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

City's Response to Findings

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



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

November 18, 2025



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

City of Upper Sandusky
Wyandot County
119 North Seventh Street
Upper Sandusky, Ohio 43351

To the City Council:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited the City of Upper Sandusky's, Wyandot County, Ohio (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Upper Sandusky's major federal program for the year ended December 31, 2023. The City of Upper Sandusky's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the *Basis for Qualified* section of our report, the City of Upper Sandusky complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2023.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

As described in findings 2023-003 and 2023-004 in the accompanying schedule of findings, the City did not comply with requirements regarding reporting applicable to its AL # 21.027 Coronavirus State and Local Fiscal Recovery Funds major federal program.

Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and corrective action plan. The City's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2023-003 and 2023-004 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

KEITH FABER
Ohio Auditor of State



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

November 18, 2025

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**CITY OF UPPER SANDUSKY
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2023-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the City to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

FINDING NUMBER 2023-001
(Continued)

The City prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the City may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the City's ability to evaluate and monitor the overall financial condition of the City. To help provide the users with more meaningful financial statements, the City should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2023-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Capital grants and contributions non-operating receipts in the amount of \$242,500 were improperly classified as other operating receipts in the Water fund on the Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Funds. In addition, this caused capital grants and contributions program cash receipts to be understated for Business-Type Activities Water and miscellaneous general receipts to be overstated for Business-Type Activities on the Statement of Activities - Cash Basis in the amount of \$242,500.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. The failure to prepare complete and accurate financial statements and notes to the financial statements could lead to the financial statements user making misinformed decisions about the City's financial position. The accompanying financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified a misstatement of \$2,154 that we have brought to the City's attention.

The City should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the City Auditor and Council to help identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

1. Reporting

Finding Number:	2023-003
Assistance Listing Number and Title:	AL #21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Treasury
Compliance Requirement:	Reporting
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

Noncompliance Citation and Material Weakness

2 CFR 1000.10 provides that, except for the deviations set forth elsewhere in this Part, the Department of Treasury adopts the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth at 2 CFR Part 200.

2 CFR 200.329(c)(1) states that non-Federal entities must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Reports submitted annually by the non-Federal entity and/or pass-through entity must be due no later than 90 calendar days after the reporting period.

31 CFR 35.4(c) requires recipients, in part, during the period of performance, to provide the Secretary of the U.S. Department of Treasury periodic reports providing detailed accounting of the uses of funds, modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section. The U.S. Department of Treasury provided supplementary information in its interim final rule on reporting requirements for State and Local Fiscal Recovery Funds for 31 CFR Part 35 and provided further guidance in its Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guidance. The Compliance and Reporting Guidance, part 2 states that counties with a population below 250,000 residents must submit a Project and Expenditure Report by April 30, 2022 and then annually thereafter through the end of the award period on December 31, 2026.

The City was required to submit a Project and Expenditure Report by April 30, 2023, to the U.S. Department of the Treasury through the Treasury's Portal. However, the lack of adequate control procedures in place for reporting resulted in the City failing to submit the required report. Also, the lack of adequate control procedures in place for reporting resulted in the City incorrectly reporting obligated and expense amounts in the report due April 30, 2024, for the activity of April 1, 2023 - March 31, 2024, the City over-reported current period expenditures and current period obligations in the amount of \$230,388.

Failure to have the proper controls in place to ensure the accurate submission of the Project and Expenditure Reports could result in Treasury taking action against the City for failure to comply with programmatic requirements.

The City should implement and have controls in place to ensure the annual Project and Expenditure Reports are accurate.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2023-004

2. Reporting

Finding Number:	2023-004
Assistance Listing Number and Title:	AL #21.027 Coronavirus State and Local Fiscal Recovery Funds
Federal Award Identification Number / Year:	2023
Federal Agency:	U.S. Department of Treasury
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Development
Repeat Finding from Prior Audit?	No

Noncompliance Citation and Material Weakness

2 CFR 1000.10 gives regulatory effect to the Department of Treasury for **2 CFR part 200.302**. **CFR 200.302(a)** states, in part, the non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to Federal statutes, regulations, and the terms and conditions of the Federal award. **2 CFR 200.302(b)(2)** further states, in part, the financial management system of each non-Federal entity must provide for accurate, current, and complete disclosures of the financial results of each Federal award or program in accordance with the reporting requirements set forth in **§§ 200.328 and 200.329**.

Additionally, the Ohio Department of Development (ODOD) Water and Wastewater Infrastructure Program Grant Agreement provides in Exhibit II that "Program reports must be submitted on a quarterly basis. Program reports must be submitted by close of business, on the second Friday at the end of each quarter."

Due to deficiencies in the City's internal controls over reporting, the City did not submit quarterly program reports for any quarter in 2024.

Failure to submit required quarterly program reports could result in the City not receiving the reimbursements that it is entitled to.

The City should implement internal controls to ensure that reports are submitted by the required deadlines per reporting requirements.

Officials' Response:

See Corrective Action Plan.

CITY OF UPPER SANDUSKY



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.511(b) DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	This finding was first reported in the audit of the 2017-2018 financial statements. Material weakness due to errors in financial reporting.	Not corrected and reissued as Finding 2023-002 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. An effort was made to correct errors in the financial statements, and the City will continue to implement policies and procedures to identify and correct errors and omissions in the financial statements and notes to the financial statements.



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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2023

Finding Number:	2023-001
Planned Corrective Action:	No planned corrective action, as management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient and does not present a higher risk for the City's assets and debt.
Anticipated Completion Date:	N/A
Responsible Contact Person:	N/A
Finding Number:	2023-002
Planned Corrective Action:	An effort was made to correct errors in the financial statements, and the City will continue to implement policies and procedures to identify and correct errors and omissions in the financial statements and notes to the financial statements.
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Nickie Coppler, City Auditor
Finding Number:	2023-003
Planned Corrective Action:	The City will work to ensure all reports for grant funding are completed.
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Nickie Coppler, City Auditor
Finding Number:	2023-004
Planned Corrective Action:	The City will work to ensure all reports for grant funding are completed.
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Nickie Coppler, City Auditor

OHIO AUDITOR OF STATE KEITH FABER



CITY OF UPPER SANDUSKY

WYANDOT 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 12/16/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov