

CITY OF OREGON
LUCAS COUNTY



REGULAR AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2025



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City Council
City of Oregon
5330 Seaman Road
Oregon, Ohio 43616

We have reviewed the *Independent Auditor's Report* of the City of Oregon, Lucas County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2025 through December 31, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

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

September 22, 2026

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CITY OF OREGON, OHIO
LUCAS COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and the City Council
City of Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Ohio (the City) as of and for the year ended December 31, 2025, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2026, 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.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
July 9, 2026

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CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

The discussion and analysis of the City of Oregon's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2025. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2025 are as follows:

- ❑ In total, net position increased \$10,590,743. Net position of governmental activities increased \$6,207,390 from 2024. Net position of business-type activities increased \$4,383,353 from 2024.
- ❑ General revenues accounted for \$37 million in revenue or 58% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for the remaining 42% of total revenues.
- ❑ The City had \$38.3 million in expenses related to governmental activities; only \$9.5 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$37 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$34 million in revenues and \$31 million in expenditures. The general fund's fund balance increased \$26,710 to \$28,513,910.
- ❑ Net position for enterprise funds on an accrual basis increased by \$4,416,885.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements and required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

CITY OF OREGON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2025***

Unaudited

Government-wide Statements

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

The two government-wide statements report the City's net position and how they have changed. Net position (the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's infrastructure and continued growth within the City.

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

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

Fund Financial Statements

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

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance projects. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities and a separate Statement of Fiduciary Net Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2025 and 2024:

	Governmental Activities		Business-type Activities		Total	
	2025	Restated 2024	2025	2024	2025	Restated 2024
Current and other assets	\$55,257,945	\$55,570,836	\$30,601,398	\$28,401,246	\$85,859,343	\$83,972,082
Capital assets, Net	113,739,489	107,658,495	90,594,778	86,750,791	204,334,267	194,409,286
Total assets	<u>168,997,434</u>	<u>163,229,331</u>	<u>121,196,176</u>	<u>115,152,037</u>	<u>290,193,610</u>	<u>278,381,368</u>
Deferred outflows of resources	<u>8,842,690</u>	<u>12,369,804</u>	<u>1,090,690</u>	<u>1,659,974</u>	<u>9,933,380</u>	<u>14,029,778</u>
Net pension liability	31,253,078	32,061,289	4,442,627	4,942,516	35,695,705	37,003,805
Net OPEB liability	1,448,323	1,697,649	0	0	1,448,323	1,697,649
Other long-term liabilities	23,917,721	25,583,239	39,218,376	37,204,500	63,136,097	62,787,739
Other liabilities	3,394,305	3,946,857	799,984	1,160,931	4,194,289	5,107,788
Total liabilities	<u>60,013,427</u>	<u>63,289,034</u>	<u>44,460,987</u>	<u>43,307,947</u>	<u>104,474,414</u>	<u>106,596,981</u>
Deferred inflows of resources	<u>4,865,071</u>	<u>5,555,865</u>	<u>167,812</u>	<u>229,350</u>	<u>5,032,883</u>	<u>5,785,215</u>
Net position:						
Net investment in capital assets	92,274,615	84,699,306	52,190,408	49,795,383	144,465,023	134,494,689
Restricted	17,468,836	17,403,537	430,260	169,247	17,899,096	17,572,784
Unrestricted	3,218,175	4,651,393	25,037,399	23,310,084	28,255,574	27,961,477
Total net position	<u>\$112,961,626</u>	<u>\$106,754,236</u>	<u>\$77,658,067</u>	<u>\$73,274,714</u>	<u>\$190,619,693</u>	<u>\$180,028,950</u>

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

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

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

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

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

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

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

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

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2025 and 2024:

	Governmental Activities		Business-type Activities		Total	
	Restated				Restated	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for Services and Sales	\$5,137,634	\$4,744,495	\$16,935,462	\$16,614,273	\$22,073,096	\$21,358,768
Operating Grants and Contributions	2,320,036	2,621,823	0	0	2,320,036	2,621,823
Capital Grants and Contributions	2,031,924	3,228,280	244,590	4,981,688	2,276,514	8,209,968
General Revenues:						
Property Taxes	1,353,600	1,056,731	0	0	1,353,600	1,056,731
Payments in Lieu of Taxes	642,589	939,609	0	0	642,589	939,609
Income Taxes	30,428,027	21,270,887	0	0	30,428,027	21,270,887
Shared Revenues	846,022	1,600,911	0	0	846,022	1,600,911
Investment Earnings	2,606,486	3,342,263	17,300	18,076	2,623,786	3,360,339
Miscellaneous	1,238,501	351,815	0	0	1,238,501	351,815
Total Revenues	46,604,819	39,156,814	17,197,352	21,614,037	63,802,171	60,770,851
Program Expenses						
Security of Persons and Property	19,113,288	16,633,862	0	0	19,113,288	16,633,862
Public Health and Welfare Services	515,018	385,332	0	0	515,018	385,332
Leisure Time Activities	1,613,079	2,635,022	0	0	1,613,079	2,635,022
Community Environment	1,661,219	1,715,048	0	0	1,661,219	1,715,048
Basic Utility Services	3,604,177	2,257,658	0	0	3,604,177	2,257,658
Transportation	3,367,376	7,191,393	0	0	3,367,376	7,191,393
General Government	7,900,833	9,243,774	0	0	7,900,833	9,243,774
Interest and Fiscal Charges	491,239	487,623	0	0	491,239	487,623
Water	0	0	8,535,928	12,226,797	8,535,928	12,226,797
Sewer	0	0	6,409,271	5,760,402	6,409,271	5,760,402
Total Expenses	38,266,229	40,549,712	14,945,199	17,987,199	53,211,428	58,536,911
Excess (Deficiency) Before Transfers						
Transfers	8,338,590	(1,392,898)	2,252,153	3,626,838	10,590,743	2,233,940
Transfers In (Out)	(2,131,200)	(2,660,600)	2,131,200	2,660,600	0	0
Total Change in Net Position	6,207,390	(4,053,498)	4,383,353	6,287,438	10,590,743	2,233,940
Net Position as Previously Reported	106,754,236	110,969,005	73,274,714	66,932,041	180,028,950	177,901,046
Change in Accounting Principle (GASB Statement 101)	0	(161,271)	0	55,235	0	(106,036)
Beginning Net Position, as Restated	106,754,236	110,807,734	73,274,714	66,987,276	180,028,950	177,795,010
Ending Net Position	\$112,961,626	\$106,754,236	\$77,658,067	\$73,274,714	\$190,619,693	\$180,028,950

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

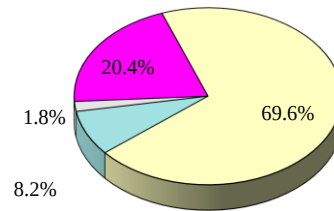
Governmental Activities

Net position of the City's governmental activities increased by \$6,207,390. Much of this increase was due to an increase in income tax revenue related to decreases in income tax refunds compared to 2024 and increase in 2025 net profit payments. The paying down of long-term liabilities during the year also contributed to this increase.

The City receives an income tax, which is based on 2.25% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work or services performed or rendered in the City.

Property taxes and income taxes made up 2.9% and 65.3% respectively of revenues for governmental activities for the City in fiscal year 2025. The City's reliance upon tax revenues is demonstrated by the following graph indicating 69.6% of total revenues from general tax revenues:

Revenue Sources	2025	Percent of Total
General Shared Revenues	\$846,022	1.8%
Program Revenues	9,489,594	20.4%
General Tax Revenues	32,424,216	69.6%
General Other	3,844,987	8.2%
Total Revenue	<u>\$46,604,819</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased by \$4,383,353. The majority of this increase is due to the increase in charges for services that continued into 2025. A decrease in everyday costs associated with operations along with the paying down of debt throughout the year were the largest contributing factors to this increase.

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$42,795,415, which is a decrease from last year's balance of \$45,536,432. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2025 and 2024:

	<u>Fund Balance December 31, 2025</u>	<u>Fund Balance December 31, 2024</u>	<u>Increase (Decrease)</u>
General	\$28,513,910	\$28,487,200	\$26,710
Street/Recreation Building	818,743	1,497,384	(678,641)
Other Governmental	13,462,762	15,551,848	(2,089,086)
Total	<u>\$42,795,415</u>	<u>\$45,536,432</u>	<u>(\$2,741,017)</u>

The increase in the General Fund is primarily due to an increase in income tax revenue related to decreases in income tax refunds compared to 2024 as well as the increase in net profit payments in 2025. The decrease in the Street/Recreation Building fund from 2024 to 2025 is mostly related to the increase in capital outlay for various improvements within the City during 2025. The decrease in other governmental fund balances can mostly be attributed to the decrease in transfers in from the general fund for various projects during the year along with a large decrease in grant revenues from 2024 to 2025.

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

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

	2025	2024	Increase
	<u>Revenues</u>	<u>Revenues</u>	<u>(Decrease)</u>
Taxes	\$25,259,476	\$17,696,058	\$7,563,418
Intergovernmental Revenue	1,851,259	1,631,037	220,222
Charges for Services	3,471,218	3,368,548	102,670
Fines, Licenses and Permits	529,558	469,365	60,193
Investment Earnings	2,560,149	3,294,058	(733,909)
Special Assessments	3,235	7,241	(4,006)
All Other Revenue	467,444	439,685	27,759
Total	<u>\$34,142,339</u>	<u>\$26,905,992</u>	<u>\$7,236,347</u>

General Fund revenues in 2025 increased compared to revenues in fiscal year 2024. This increase can be attributed to an increase in income tax revenue related to a large decrease in the amount of income tax refunds during 2025 and an increase in net profit payments in 2025.

	2025	2024	Increase
	<u>Expenditures</u>	<u>Expenditures</u>	<u>(Decrease)</u>
Security of Persons and Property	\$15,496,118	\$13,744,109	\$1,752,009
Public Health and Welfare Services	516,913	353,281	163,632
Leisure Time Activities	1,384,207	2,019,766	(635,559)
Community Environment	1,053,666	795,291	258,375
Transportation	4,023,421	3,999,698	23,723
General Government	8,113,022	8,895,325	(782,303)
Debt Service:			
Principal Retirement	632,991	164,693	468,298
Interest and Fiscal Charges	43,250	29,167	14,083
Total	<u>\$31,263,588</u>	<u>\$30,001,330</u>	<u>\$1,262,258</u>

General Fund expenditures increased by 4.2% compared to the prior year mostly due to increases in security of persons and property and general government. The principal retirement increase is due to an increase in the paying down of City debt during 2025. The increase in security of persons and property can be attributed to an increase in employees as well as an increase in salaries and benefits during the year.

GENERAL FUND BUDGETARY INFORMATION

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

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

During the course of fiscal year 2025 the City amended its General Fund budget several times, none were significant.

For the General Fund, final budget basis revenue of \$28.6 million did not change from the original budget estimates of \$28.6 million. This was mostly due to the anticipation of the decrease in income tax revenue during the year. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2025 the City had \$204,334,267 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment, vehicles and construction in progress. Of this total, \$113,739,489 was related to governmental activities and \$90,594,778 to business-type activities. The following table shows fiscal year 2025 and 2024 balances:

	Governmental Activities		Increase (Decrease)
	2025	Restated 2024	
Land and Land Improvements	\$17,951,137	\$15,887,064	\$2,064,073
Construction in Progress	16,941,148	19,848,867	(2,907,719)
Buildings and Improvements	22,358,321	22,321,012	37,309
Machinery and Equipment	7,388,858	6,138,572	1,250,286
Vehicles	10,834,108	10,700,206	133,902
Infrastructure	110,926,519	102,256,981	8,669,538
Less: Accumulated Depreciation	(72,660,602)	(69,494,207)	(3,166,395)
Totals	<u>\$113,739,489</u>	<u>\$107,658,495</u>	<u>\$6,080,994</u>

	Business-Type Activities		Increase (Decrease)
	2025	2024	
Land	\$756,016	\$756,016	\$0
Construction in Progress	4,931,044	1,711,107	3,219,937
Buildings and Distributions	163,693,542	160,152,128	3,541,414
Machinery and Equipment	16,527,305	16,370,110	157,195
Vehicles	1,533,991	1,370,200	163,791
Less: Accumulated Depreciation	(96,847,120)	(93,609,770)	(3,237,350)
Totals	<u>\$90,594,778</u>	<u>\$86,749,791</u>	<u>\$3,844,987</u>

The primary increases in governmental capital assets occurred in infrastructure, land, and land improvements as construction in progress decreased as projects were completed during 2025. This was primarily due to the completion of construction of the Coy Rd Resurfacing Project (PID 116040) of \$1,581,201, Wolf Creek Stream and Flood Restoration Project of \$1,517,774, and the completion of construction for the Navarre/Coy Intersection (PID 109596) Project of \$4,094,922. Construction in Progress primarily increased due to the expenses for the year for the Street Garage Facility Project, Otter Creek Stream Improvements, and Navarre Ave Safety Improvement Project.

The primary increases for business-type capital assets were in building and distributions and construction in progress during 2025. This was primarily due to the WTP Concrete Replacement Project and the

CITY OF OREGON, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2025

Unaudited

Seaman, Norden, Wynn W/L Replacement Project Expenses. Ongoing improvements to the water and sewer plants and infrastructure continue to be made.

Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2025, the City had \$18.6 million in bonds outstanding, \$920,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2025 and 2024:

	2025	Restated 2024
Governmental Activities:		
General Obligation Bonds	\$18,604,738	\$19,502,332
OPWC Loans Payable	458,666	525,636
Long-Term Notes Payable	1,512,299	1,976,951
Long-Term Loan Payable	483,078	616,545
Pension Liability	25,549	27,712
Net Pension Liability	31,253,078	32,061,289
Net OPEB Liability	1,448,323	1,697,649
Financing Obligations	0	34,871
Compensated Absences	2,833,391	2,899,192
Total Governmental Activities	<u>56,619,122</u>	<u>59,342,177</u>
Business-Type Activities:		
OPWC Loans Payable	\$3,179,957	\$2,481,430
OWDA Loans Payable	35,080,725	33,800,708
Net Pension Liability	4,442,627	4,942,516
Compensated Absences	957,694	922,362
Total Business-Type Activities	<u>43,661,003</u>	<u>42,147,016</u>
Totals	<u>\$100,280,125</u>	<u>\$101,489,193</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which the City lies, is limited to ten mills. At December 31, 2025, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

CITY OF OREGON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2025***

Unaudited

ECONOMIC FACTORS

The City's original budget for 2025 utilized conservative revenue estimates with some adjustments in base operating costs.

Department requests were modified from original submissions; certain requested capital projects and capital acquisitions were eliminated or reduced; and only those items that management and City Council determined necessary were appropriated.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of expenditures. A close watch of current economic conditions is ongoing to determine if increased revenues, or reductions in expenditures, are necessary to maintain fiscal stability.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-698-7000 or writing to City of Oregon Finance Department, 5330 Seaman Road, Oregon, Ohio 43616.

CITY OF OREGON, OHIO

Statement of Net Position December 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$ 42,789,567	\$ 25,341,125	\$ 68,130,692
Receivables:			
Taxes	7,170,246	0	7,170,246
Accounts	187,406	2,312,155	2,499,561
Intergovernmental	1,121,675	0	1,121,675
Payments in Lieu of Taxes	38,766	0	38,766
Interest	271,255	0	271,255
Special Assessments	1,984,160	779,196	2,763,356
Settlements	289,507	0	289,507
Internal Balances	(609,133)	609,133	0
Leases Receivable	260,970	0	260,970
Inventory of Supplies at Cost	288,621	984,375	1,272,996
Prepaid Items	606,518	145,154	751,672
Net OPEB Asset	858,387	430,260	1,288,647
Capital Assets:			
Capital Assets Not Being Depreciated	22,905,772	5,687,060	28,592,832
Capital Assets Being Depreciated, Net	90,833,717	84,907,718	175,741,435
Total Assets	168,997,434	121,196,176	290,193,610
Deferred Outflows of Resources:			
Pension	8,114,130	1,081,830	9,195,960
OPEB	728,560	8,860	737,420
Total Deferred Outflows of Resources	8,842,690	1,090,690	9,933,380
Liabilities:			
Accounts Payable	1,251,452	563,765	1,815,217
Accrued Wages and Benefits	1,691,875	221,768	1,913,643
Intergovernmental Payable	86,082	0	86,082
Retainage Payable	303,351	14,451	317,802
Accrued Interest Payable	61,545	0	61,545
Long-Term Liabilities:			
Due within one year	2,610,228	3,155,779	5,766,007
Due in More than One Year:			
Other Amounts Due in More than One Year	21,307,493	36,062,597	57,370,090
Net Pension Liability	31,253,078	4,442,627	35,695,705
Net OPEB Liability	1,448,323	0	1,448,323
Total Liabilities	60,013,427	44,460,987	104,474,414

(Continued)

CITY OF OREGON, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	1,432,915	0	1,432,915
Pension	1,508,357	84,836	1,593,193
OPEB	1,662,829	82,976	1,745,805
Deferred Revenue - Lease Revenue	260,970	0	260,970
Total Deferred Inflows of Resources	<u>4,865,071</u>	<u>167,812</u>	<u>5,032,883</u>
Net Position:			
Net Investment in Capital Assets	92,274,615	52,190,408	144,465,023
Restricted For:			
OPEB	858,387	430,260	1,288,647
Capital Projects	4,388,374	0	4,388,374
Debt Service	1,162,576	0	1,162,576
Street Construction, Maintenance and Repair	1,392,514	0	1,392,514
Court Special Projects	147,177	0	147,177
Storm Sewer Project	2,941,772	0	2,941,772
Street Lighting	914,268	0	914,268
Perpetual Care:			
Nonexpendable	70,011	0	70,011
Other Purposes	5,593,757	0	5,593,757
Unrestricted	<u>3,218,175</u>	<u>25,037,399</u>	<u>28,255,574</u>
Total Net Position	<u><u>\$ 112,961,626</u></u>	<u><u>\$ 77,658,067</u></u>	<u><u>\$ 190,619,693</u></u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Activities For the Year Ended December 31, 2025

		Program Revenues		
		Charges for	Operating Grants	Capital Grants
		Services and	and	and
	Expenses	Sales	Contributions	Contributions
Governmental Activities:				
Security of Persons and Property	\$ 19,113,288	\$ 1,583,833	\$ 703,787	\$ 424,337
Public Health and Welfare Services	515,018	48,283	0	0
Leisure Time Activities	1,613,079	439,000	0	0
Community Environment	1,661,219	324,794	0	0
Basic Utility Services	3,604,177	0	0	863,110
Transportation	3,367,376	49,736	1,571,821	744,477
General Government	7,900,833	2,691,988	44,428	0
Interest and Fiscal Charges	491,239	0	0	0
Total Governmental Activities	38,266,229	5,137,634	2,320,036	2,031,924
Business-Type Activities:				
Water	8,535,928	10,666,002	0	186,122
Sewer	6,409,271	6,269,460	0	58,468
Total Business-Type Activities	14,945,199	16,935,462	0	244,590
Totals	\$ 53,211,428	\$ 22,073,096	\$ 2,320,036	\$ 2,276,514

General Revenues

Property Taxes

Payments in Lieu of Taxes

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position as Previously Reported

Correction of Accounting Error

Net Position Beginning of Year, as Restated

Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (16,401,331)	\$ 0	\$ (16,401,331)
(466,735)	0	(466,735)
(1,174,079)	0	(1,174,079)
(1,336,425)	0	(1,336,425)
(2,741,067)	0	(2,741,067)
(1,001,342)	0	(1,001,342)
(5,164,417)	0	(5,164,417)
(491,239)	0	(491,239)
(28,776,635)	0	(28,776,635)
0	2,316,196	2,316,196
0	(81,343)	(81,343)
0	2,234,853	2,234,853
(28,776,635)	2,234,853	(26,541,782)
1,353,600	0	1,353,600
642,589	0	642,589
30,428,027	0	30,428,027
846,022	0	846,022
2,606,486	17,300	2,623,786
1,238,501	0	1,238,501
(2,131,200)	2,131,200	0
34,984,025	2,148,500	37,132,525
6,207,390	4,383,353	10,590,743
106,425,310	73,274,714	179,700,024
328,926	0	328,926
106,754,236	73,274,714	180,028,950
<u>\$ 112,961,626</u>	<u>\$ 77,658,067</u>	<u>\$ 190,619,693</u>

CITY OF OREGON, OHIO

Balance Sheet Governmental Funds December 31, 2025

	General	Street/Recreation Building	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 26,303,419	\$ 821,243	\$ 13,957,388	\$ 41,082,050
Receivables:				
Taxes	6,234,819	0	935,427	7,170,246
Accounts	61,859	0	125,547	187,406
Intergovernmental	383,025	0	738,650	1,121,675
Payments in Lieu of Taxes	0	0	38,766	38,766
Interest	271,255	0	0	271,255
Special Assessments	47,714	0	1,936,446	1,984,160
Settlements	0	0	289,507	289,507
Leases Receivable	260,970	0	0	260,970
Interfund Loans Receivables	0	0	63,563	63,563
Inventory of Supplies, at Cost	288,621	0	0	288,621
Prepaid Items	549,377	0	51,382	600,759
Total Assets	\$ 34,401,059	\$ 821,243	\$ 18,136,676	\$ 53,358,978
Liabilities:				
Accounts Payable	\$ 379,893	\$ 0	\$ 869,181	\$ 1,249,074
Accrued Wages and Benefits Payable	1,111,902	0	13,221	1,125,123
Intergovernmental Payable	86,082	0	0	86,082
Retainage Payable	0	2,500	300,851	303,351
Interfund Loans Payable	0	0	437,742	437,742
Total Liabilities	1,577,877	2,500	1,620,995	3,201,372
Deferred Inflows of Resources:				
Unavailable Amounts	2,862,775	0	2,805,531	5,668,306
Property Tax for Next Fiscal Year	1,185,527	0	247,388	1,432,915
Leases	260,970	0	0	260,970
Total Deferred Inflows of Resources	4,309,272	0	3,052,919	7,362,191
Fund Balances:				
Nonspendable	837,998	0	101,138	939,136
Restricted	0	818,743	11,907,767	12,726,510
Committed	1,134,403	0	1,861,311	2,995,714
Assigned	7,311,450	0	0	7,311,450
Unassigned	19,230,059	0	(407,454)	18,822,605
Total Fund Balances	28,513,910	818,743	13,462,762	42,795,415
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 34,401,059	\$ 821,243	\$ 18,136,676	\$ 53,358,978

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities December 31, 2025

Total Governmental Fund Balances	\$ 42,795,415
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***Amounts reported for governmental activities in the
statement of net position are different because***

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	113,739,489
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Municipal Income Taxes	2,355,719	
Property Taxes	80,174	
Interest Revenues	261,783	
Special Assessments	1,984,160	
Settlements	289,507	
Intergovernmental	696,963	5,668,306

The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Net OPEB Asset	858,387	
Deferred Outflows - Pension	8,114,130	
Deferred Inflows - Pension	(1,508,357)	
Deferred Outflows - OPEB	728,560	
Deferred Inflows - OPEB	(1,662,829)	
Net Pension Liability	(31,253,078)	
Net OEPB Liability	(1,448,323)	(26,171,510)

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds.	(61,545)
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Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	909,192
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds Payable	(18,355,000)	
Long-Term Note Payable	(1,512,299)	
Ohio Public Works Commission Loan Payable	(458,666)	
Long-Term Loan Payable	(483,078)	
Accrued Pension Liability	(25,549)	
Premium on General Obligation Bonds Payable	(249,738)	
Compensated Absences Payable	(2,833,391)	(23,917,721)

<i>Net Position of Governmental Activities</i>	<u><u>\$ 112,961,626</u></u>
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See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2025

	General	Street/Recreation Building	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 1,138,579	\$ 0	\$ 200,925	\$ 1,339,504
Payments in Lieu of Taxes	0	0	642,589	642,589
Municipal Income Taxes	24,120,897	0	4,912,595	29,033,492
Intergovernmental Revenues	1,851,259	0	2,233,570	4,084,829
Charges for Services	3,471,218	0	52,458	3,523,676
Licenses, Permits and Fees	320,556	0	0	320,556
Investment Earnings	2,560,149	0	13,751	2,573,900
Special Assessments	3,235	0	642,752	645,987
Fines and Forfeitures	209,002	0	159,275	368,277
All Other Revenue	467,444	0	1,040,353	1,507,797
Total Revenues	34,142,339	0	9,898,268	44,040,607
Expenditures:				
Current:				
Security of Persons and Property	15,496,118	0	2,359,264	17,855,382
Public Health and Welfare Services	516,913	0	16,282	533,195
Leisure Time Activities	1,384,207	0	259,089	1,643,296
Community Environment	1,053,666	0	605,393	1,659,059
Basic Utility Services	0	0	3,701,759	3,701,759
Transportation	4,023,421	0	1,058,738	5,082,159
General Government	8,113,022	0	201,136	8,314,158
Capital Outlay	0	678,641	3,135,389	3,814,030
Debt Service:				
Principal Retirement	632,991	0	951,970	1,584,961
Interest & Fiscal Charges	43,250	0	477,134	520,384
Total Expenditures	31,263,588	678,641	12,766,154	44,708,383
Excess (Deficiency) of Revenues Over Expenditures	2,878,751	(678,641)	(2,867,886)	(667,776)
Other Financing Sources (Uses):				
Sale of Capital Assets	237,987	0	0	237,987
Transfers In	0	0	2,110,755	2,110,755
Transfers Out	(2,910,000)	0	(1,331,955)	(4,241,955)
Total Other Financing Sources (Uses)	(2,672,013)	0	778,800	(1,893,213)
Net Change in Fund Balances	206,738	(678,641)	(2,089,086)	(2,560,989)
Fund Balances at Beginning of Year	28,487,200	1,497,384	15,551,848	45,536,432
Decrease in Inventory Reserve	(180,028)	0	0	(180,028)
Fund Balances End of Year	\$ 28,513,910	\$ 818,743	\$ 13,462,762	\$ 42,795,415

See accompanying notes to the basic financial statements

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CITY OF OREGON, OHIO

Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement Of Activities For The Year Ended December 31, 2025

Net Change in Fund Balances - Total Governmental Funds		\$ (2,560,989)
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***Amounts reported for governmental activities in the statement of
activities are different because***

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

Capital Outlay	10,446,221	
Depreciation	<u>(4,365,227)</u>	6,080,994

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

Municipal Income Taxes	1,394,535	
Property Taxes	14,096	
Interest	32,586	
Special Assessments	692,990	
Settlements	131,960	
Intergovernmental	<u>(26,227)</u>	2,239,940

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

Pension	2,622,990	
OPEB	<u>40,543</u>	2,663,533

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

Pension	(3,886,170)	
OPEB	<u>229,506</u>	(3,656,664)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds Principal	885,000	
Amortization of Premium on G.O. Bonds	12,594	
OPWC Loans Principal	66,970	
Long-Term Note Principal	464,652	
Long-Term Loan Principal	133,467	
Financing Obligation Principal	34,871	
Ohio Police and Fire Principal Payment	<u>2,163</u>	1,599,717

(Continued)

CITY OF OREGON, OHIO

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Accrued Interest Payable		16,552
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in Supplies Inventory	(180,028)	
Decrease in Compensated Absences Payable	<u>65,801</u>	(114,227)

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

	<u>(61,466)</u>
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Change in Net Position of Governmental Activities

<u>\$ 6,207,390</u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 910,100	\$ 910,100	\$ 1,138,579	\$ 228,479
Municipal Income Taxes	19,330,500	19,331,547	23,470,649	4,139,102
Intergovernmental Revenue	2,471,750	2,471,750	1,934,319	(537,431)
Charges for Services	3,377,060	3,377,060	3,456,955	79,895
Licenses, Permits and Fees	237,061	237,061	320,556	83,495
Investment Earnings	1,500,000	1,500,000	1,821,939	321,939
Special Assessments	4,400	4,400	3,235	(1,165)
Fines and Forfeitures	231,100	231,100	209,702	(21,398)
All Other Revenues	627,750	627,750	459,457	(168,293)
Total Revenues	<u>28,689,721</u>	<u>28,690,768</u>	<u>32,815,391</u>	<u>4,124,623</u>
Expenditures:				
Current:				
Security of Persons and Property	16,800,486	17,071,252	16,004,201	1,067,051
Public Health and Welfare Services	618,320	631,620	525,452	106,168
Leisure Time Activities	1,572,270	1,594,097	1,437,652	156,445
Community Environment	1,005,386	1,138,913	1,055,918	82,995
Transportation	4,449,056	4,575,273	4,186,983	388,290
General Government	6,587,886	10,159,023	9,569,445	589,578
Debt Service:				
Principal Retirement	0	632,991	632,991	0
Interest and Fiscal Charges	0	43,250	43,250	0
Total Expenditures	<u>31,033,404</u>	<u>35,846,419</u>	<u>33,455,892</u>	<u>2,390,527</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,343,683)	(7,155,651)	(640,501)	6,515,150
Other Financing Sources (Uses):				
Sale of Capital Assets	305,000	305,000	237,987	(67,013)
Transfers Out	(2,881,500)	(2,911,500)	(2,911,032)	468
Total Other Financing Sources (Uses):	<u>(2,576,500)</u>	<u>(2,606,500)</u>	<u>(2,673,045)</u>	<u>(66,545)</u>
Net Change In Fund Balance	(4,920,183)	(9,762,151)	(3,313,546)	6,448,605
Fund Balance at Beginning of Year	26,555,465	26,555,465	26,555,465	0
Prior Year Encumbrances	1,941,668	1,941,668	1,941,668	0
Fund Balance at End of Year	<u>\$ 23,576,950</u>	<u>\$ 18,734,982</u>	<u>\$ 25,183,587</u>	<u>\$ 6,448,605</u>

See accompanying notes to the basic financial statements

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CITY OF OREGON, OHIO

Statement of Net Position Proprietary Funds December 31, 2025

	Business-Type Activities			
	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
ASSETS				
Current assets:				
Equity in Pooled Cash and Investments	\$ 14,093,540	\$ 11,247,585	\$ 25,341,125	\$ 1,707,517
Accounts receivable (net of allow for uncollectibles)	1,376,415	935,740	2,312,155	0
Special Assessments receivable	0	779,196	779,196	0
Interfund Loans Receivable	595,494	3,140	598,634	0
Inventory of Supplies at Cost	958,253	26,122	984,375	0
Prepaid Items	81,297	63,857	145,154	5,759
Total current assets	17,104,999	13,055,640	30,160,639	1,713,276
Noncurrent assets:				
Net OPEB Asset	264,508	165,752	430,260	0
Capital assets:				
Property, Plant and Equipment	85,397,592	97,113,262	182,510,854	0
Construction in Progress	4,792,576	138,468	4,931,044	0
Less accumulated depreciation	(38,463,487)	(58,383,633)	(96,847,120)	0
Total capital assets (net of accumulated depr)	51,726,681	38,868,097	90,594,778	0
Total noncurrent assets	51,991,189	39,033,849	91,025,038	0
Total assets	69,096,188	52,089,489	121,185,677	1,713,276
Deferred Outflows of Resources:				
Pension	664,981	416,849	1,081,830	0
OPEB	5,446	3,414	8,860	0
Total Deferred Outflows of Resources	670,427	420,263	1,090,690	0
LIABILITIES				
Current liabilities:				
Accounts Payable	367,121	196,644	563,765	2,378
Accrued Wages and Benefits	136,979	84,789	221,768	566,752
Retainage Payable	0	14,451	14,451	0
Interfund Loans Payable	0	224,455	224,455	0
Compensated Absences Payable - Current	238,754	135,374	374,128	0
OWDA Loans Payable - Current	1,198,702	1,336,539	2,535,241	0
OPWC Loans Payable - Current	95,300	151,110	246,410	0
Total Current Liabilities	2,036,856	2,143,362	4,180,218	569,130

(Continued)

CITY OF OREGON, OHIO

	Business-Type Activities			
	Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
Noncurrent Liabilities:				
OWDA Loans Payable	17,404,613	15,140,871	32,545,484	0
OPWC Loans Payable	1,285,699	1,647,848	2,933,547	0
Net Pension Liability	2,730,800	1,711,827	4,442,627	0
Compensated Absences Payable	383,770	199,796	583,566	0
Total noncurrent liabilities	21,804,882	18,700,342	40,505,224	0
Total Liabilities	23,841,738	20,843,704	44,685,442	569,130
Deferred Inflows of Resources:				
Pension	51,591	33,245	84,836	0
OPEB	51,040	31,936	82,976	0
Total Deferred Inflows of Resources	102,631	65,181	167,812	0
NET POSITION				
Net Investment in Capital Assets	31,721,609	20,468,799	52,190,408	0
Restricted For:				
OPEB	264,508	165,752	430,260	0
Unrestricted	13,836,129	10,966,316	24,802,445	1,144,146
Total Net Position	<u>\$ 45,822,246</u>	<u>\$ 31,600,867</u>	<u>77,423,113</u>	<u>\$ 1,144,146</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			234,954	
Net Position of Business-type Activities			<u>\$ 77,658,067</u>	

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Year Ended December 31, 2025

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Total
Operating Revenues:			
Charges for Services	\$ 10,566,414	\$ 6,145,642	\$ 16,712,056
Other Operating Revenues	185,873	123,818	309,691
Total Operating Revenues	<u>10,752,287</u>	<u>6,269,460</u>	<u>17,021,747</u>
Operating Expenses:			
Personal Services	3,198,712	2,299,762	5,498,474
Contractual Services	878,913	1,819,068	2,697,981
Materials and Supplies	1,968,599	88,205	2,056,804
Utilities	645,340	391,168	1,036,508
Depreciation	1,817,833	1,444,275	3,262,108
Total Operating Expenses	<u>8,509,397</u>	<u>6,042,478</u>	<u>14,551,875</u>
Operating Income (Loss)	<u>2,242,890</u>	<u>226,982</u>	<u>2,469,872</u>
Non-Operating Revenue (Expenses):			
Interest Income	17,300	0	17,300
Interest and Fiscal Charges	(95,297)	(350,780)	(446,077)
Total Non-Operating Revenues (Expenses)	<u>(77,997)</u>	<u>(350,780)</u>	<u>(428,777)</u>
Income (Loss) Before Capital Contributions and Transfers	<u>2,164,893</u>	<u>(123,798)</u>	<u>2,041,095</u>
Capital Contributions	186,122	58,468	244,590
Transfers In	1,200,000	1,200,000	2,400,000
Transfers Out	0	(268,800)	(268,800)
Change in Net Position	<u>3,551,015</u>	<u>865,870</u>	<u>4,416,885</u>
Net Position Beginning of Year	<u>42,271,231</u>	<u>30,734,997</u>	<u>73,006,228</u>
Net Position End of Year	<u>\$ 45,822,246</u>	<u>\$ 31,600,867</u>	<u>77,423,113</u>
Change in Net Position - Total Enterprise Funds			4,416,885
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			(33,532)
Change in Net Position - Business-type Activities			<u>\$ 4,383,353</u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Governmental
Activities -
Internal Service
Funds

\$ 6,115,823
24,117

6,139,940

6,237,776
0
0
0
0

6,237,776

(97,836)

2,838
0

2,838

(94,998)

0
0
0

(94,998)

1,239,144

\$ 1,144,146

CITY OF OREGON, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$10,814,319	\$6,241,991	\$17,056,310	\$6,139,940
Cash Payments for Goods and Services	(3,205,626)	(2,271,559)	(5,477,185)	0
Cash Payments to Employees	(3,223,256)	(2,476,091)	(5,699,347)	(6,312,968)
Net Cash Provided (Used) by Operating Activities	4,385,437	1,494,341	5,879,778	(173,028)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Advances In from Other Funds	0	224,455	224,455	0
Advances Out to Other Funds	(224,455)	0	(224,455)	0
Transfers In from Other Funds	1,200,000	1,200,000	2,400,000	0
Transfers Out to Other Funds	0	(268,800)	(268,800)	0
Receipts of Other Local Taxes	0	0	0	0
Receipts of Special Assessments	0	0	0	0
Receipts of Grants	0	0	0	0
Net Cash Provided by Noncapital Financing Activities	975,545	1,155,655	2,131,200	0
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Capital Assets	(6,989,823)	(559,569)	(7,549,392)	0
Capital Contributions	301,806	217,861	519,667	0
Ohio Water Development Authority Loans Issued	3,698,757	162,914	3,861,671	0
Ohio Public Works Commission Loans Issued	900,000	0	900,000	0
Principal Paid on				
Ohio Water Development Authority Loans	(1,186,604)	(1,395,050)	(2,581,654)	0
Principal Paid on				
Ohio Public Works Commission Loan	(67,751)	(133,722)	(201,473)	0
Interest Paid on All Debt	(95,297)	(350,780)	(446,077)	0
Net Cash Provided Used for				
Capital and Related Financing Activities	(3,438,912)	(2,058,346)	(5,497,258)	0
<u>Cash Flows from Investing Activities:</u>				
Receipts of Interest	17,300	0	17,300	2,838
Net Cash Provided by Investing Activities	17,300	0	17,300	2,838
Net Increase (Decrease) in Cash and Cash Equivalents	1,939,370	591,650	2,531,020	(170,190)
Cash and Cash Equivalents at Beginning of Year	12,154,170	10,655,935	22,810,105	1,877,707
Cash and Cash Equivalents at End of Year	\$14,093,540	\$11,247,585	\$25,341,125	\$1,707,517

(Continued)

CITY OF OREGON, OHIO

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$2,242,890	\$226,982	\$2,469,872	(\$97,836)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	1,817,833	1,444,275	3,262,108	0
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	44,217	(27,469)	16,748	0
Decrease in Interfund Loan Receivable	17,815	0	17,815	0
Decrease (Increase) in Inventory	183,262	(2,151)	181,111	0
Decrease (Increase) in Prepaid Items	(6,873)	(10,814)	(17,687)	1,181
Decrease in Deferred Outflows of Resources	322,035	247,249	569,284	0
Increase in Net OPEB Asset	(163,284)	(97,729)	(261,013)	0
Increase in Accounts Payable	110,837	39,847	150,684	1,219
Increase (Decrease) in Accrued Wages and Benefits	13,063	3,888	16,951	(77,592)
Decrease in Net Pension Liability	(224,222)	(275,667)	(499,889)	0
Decrease in Deferred Inflows of Resources	(34,514)	(27,024)	(61,538)	0
Increase (Decrease) in Compensated Absences	62,378	(27,046)	35,332	0
Total Adjustments	2,142,547	1,267,359	3,409,906	(75,192)
Net Cash Provided (Used) by Operating Activities	<u>\$4,385,437</u>	<u>\$1,494,341</u>	<u>\$5,879,778</u>	<u>(\$173,028)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2025, the Water Fund and the Sewer Fund had outstanding liabilities of \$20,758 and \$122,930, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Fiduciary Net Position Fiduciary Funds December 31, 2025

	<u>Custodial Funds</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 100,316</u>
Liabilities:	
Intergovernmental Payable	<u>\$ 100,316</u>

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Statement of Changes in Fiduciary Net Position Fiduciary Funds For the Year Ended December 31, 2025

	Custodial Funds
Additions:	
Contributions:	
Income Taxes Collected for Distribution	\$ 72,973
Fines, Licenses and Permits for Distribution	982,036
Deposits Received	60,682
Total Additions	1,115,691
Deductions:	
Distributions to Other Governments	1,115,691
Total Deductions	1,115,691
Change in Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	\$ 0

See accompanying notes to the basic financial statements

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Oregon, Ohio (the "City") was incorporated in 1838 under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1958 and has been amended several times, most recently in 2002.

A. Reporting Entity

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2025 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 61 *"The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: police and fire protection, emergency medical, parks, recreation, cemetery, planning, zoning, street maintenance, judicial administration and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system, which are reported as enterprise funds.

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

B. Basis of Presentation - Fund Accounting

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Street/Recreation Fund – This fund is used to account for revenues received from various sources to be used for street and recreation projects within the City.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed or assigned to expenditures for principal and interest.

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

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

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has three internal service funds, the Self Insurance Dental / Emergency Room Fund, the Workers' Compensation Fund and the Medical Spending Fund. These funds are used to account for monies received from city departments to cover the costs related to the self insurance program, potential liabilities for workers' compensation and for deposits from the employees into the medical cafeteria plan.

Fiduciary Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary funds are custodial funds. These funds operate on a full accrual basis of accounting. The City has four custodial funds. The four funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Ohio Board of Building Standards Assessment Fund, which accounts for assessed funds as required by the Ohio Revised Code, the Income Tax Joint District Fund, which accounts for income tax funds to be distributed between the City of Oregon and the City of Northwood and the Lucas County Water Collection Fund, which accounts for a portion of the revenue from Lucas County users of the City of Oregon's water.

C. Basis of Presentation – Financial Statements

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

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

D. Basis of Accounting

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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

Revenues resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, special assessment, and state levied locally shared taxes (including motor vehicle license fees, and local government assistance). Other revenues, including licenses, permits, certain charges for services and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until actually received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2025, but which are not intended to finance 2025 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Government-Wide Statements are also prepared using the accrual basis of accounting.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has a deferred charge on refunding in the proprietary statements of net position that qualifies for reporting in this category. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. For the City, deferred outflows of resources have been reported for the following items related to the City's net pension and other postemployment benefits (OPEB) liability/asset: (1) net difference between projected and actual investment earnings on pension plan investments, (2) the City's contributions to the pension systems subsequent to the measurement date and (3) differences between the City's contributions and the City's proportionate share of contributions. The City's deferred outflows of resources related to pension and OPEB are further discussed in Notes 11 and 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, state levied shared taxes, interest and other revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also reports deferred inflows of resources for the differences between expected and actual experience related to the City's net pension and OPEB liability/asset. This deferred inflows of resources are only reported on the government-wide statement of net position and in the proprietary funds financial statements. The deferred inflows of resources related to pension and OPEB are further discussed in Notes 11 and 12.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

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

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of City Council.

1. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the first and final amended official certificate of estimated resources issued during 2025.

2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the legal level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of City Council. During 2025 several supplemental appropriations were necessary to budget the use of contingency funds, major capital improvement projects and intergovernmental grant proceeds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—for the General Fund are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

3. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to constrain that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported in the fund balances for governmental funds in the accompanying basic financial statements.

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On a budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

5. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	Net Change In Fund Balance
	<u>General Fund</u>
GAAP Basis (as reported)	\$206,738
Increase (Decrease):	
Accrued Revenues at December 31, 2025 received during 2026	(2,967,116)
Accrued Revenues at December 31, 2024 received during 2025	2,369,089
Accrued Expenditures at December 31, 2025 received during 2026	1,577,877
Accrued Expenditures at December 31, 2024 paid during 2025	(2,763,796)
2024 Adjustment to Fair Value	(737,469)
2025 Adjustment to Fair Value	8,547
2024 Prepays for 2025	547,055
2025 Prepays for 2026	(549,377)
Outstanding Encumbrances	(1,002,374)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	<u>(2,720)</u>
Budget Basis	<u><u>(\$3,313,546)</u></u>

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, short-term certificates of deposit and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements. The certificates of deposit are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents (Continued)

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' shares of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 5, "Cash, Cash Equivalents and Investments."

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution, the Ohio Revised Code and the Oregon Municipal Code. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 5, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2025. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on December 31, 2025.

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”, has been reported.

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

2. Property, Plant and Equipment – Business Type Activities

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

3. Depreciation

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

Description	Governmental and Business-Type Activities
	Estimated Lives (in years)
Buildings	20 - 40
Improvements other than Buildings/Infrastructure	10 - 50
Machinery, Equipment, Vehicles	3 - 10

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund Sewer Fund
Ohio Water Development Authority Loans	Special Assessment Bond Retirement Fund Sewer Fund, Water Fund
Ohio Public Works Commission Loan	General Obligation Bond Retirement Fund Sewer Fund, Water Fund
Workers Compensation Liability	Workers Compensation Fund
Promissory Notes	General Obligation Bond Retirement Fund
Police and Firemen's Pension Accrued Liability	General Fund
Compensated Absences	General Fund Emergency Medical Services Operating Fund Recreation Fund, Water Fund, Sewer Fund
Financing Obligation	Street Recreation Building Fund
Pension and OPEB Liabilities	General Fund Water Fund, Sewer Fund

M. Compensated Absences

All full-time City employees earn vacation at varying rates based upon length of service. Carryovers are allowed by contracts up to 40 hours for bargaining contracts and 120 hours for non-bargaining legislation. Any additions require legislative approval. Upon separation from the City, the employee (or his estate) is paid for his accumulated unused vacation leave balance.

All full-time City employees earn sick leave at the rate of 1.25 days per calendar month of active service. Upon retirement from the City's service, an employee receives one hour of monetary compensation for each two hours of unused sick leave. The monetary compensation is equal to the hourly rate of compensation of the employee at the time of retirement.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences (Continued)

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

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

N. Net Position

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

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2025.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances

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

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

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

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

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

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

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Interfund Activity

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

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

S. Estimates

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

T. Operating Revenues and Expenses

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

U. Contributions of Capital

Contributions of capital in proprietary fund financial statements and for governmental activities arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements and on the statement of activities.

V. Fair Value

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

A. Change in Accounting Principles

For 2025 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 102, “Certain Risk Disclosures.”

GASB Statement No. 102 requires the disclosure of information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.

The implementation of this Statement had no effect on beginning net position/fund balance.

B. Restatement of Net Position

Certain adjustments were necessary to beginning of year net position to correct an accounting error for the reporting capital assets and long-term debt.

This correction had the following effect on net position as reported December 31, 2024:

	Governmental Activities
Net Position December 31, 2024, as Previously Reported	\$106,425,310
Adjustments:	
Land Removed	(4,259,549)
Financing Obligations Removed	4,588,475
Total Correction of accounting error.	328,926
Restated Net Position December 31, 2024	<u>\$106,754,236</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficit of \$407,454 in the Cedar Point TIF Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis and from the posting of an interfund loan payable on the modified accrual basis. The deficit does not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Street/ Recreation Building Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Principal	\$0	\$0	\$70,011	\$70,011
Prepaid Items	288,621	0	31,127	319,748
Supplies Inventory	549,377	0	0	549,377
Total Nonspendable	837,998	0	101,138	939,136
Restricted:				
Special Assessment Debt Service Payments	0	0	716,440	716,440
Street Construction and Maintenance	0	0	1,021,350	1,021,350
State Highway Improvement	0	0	64,690	64,690
Permissive Auto Tax	0	0	101,462	101,462
One Ohio	0	0	163,868	163,868
Drug Law Enforcement and Education	0	0	4,986	4,986
Police Grants	0	0	24,401	24,401
Police Levy	0	0	382,934	382,934
Drug Law Enforcement	0	0	124,010	124,010
DUI and Seatbelt Grant	0	0	23,768	23,768
Fire Operation	0	0	1,747,705	1,747,705
Federal Equity Sharing	0	0	92,104	92,104
EMS Operating	0	0	26,361	26,361
Indigent Drivers Alcohol Treatment	0	0	16,625	16,625
Legal Computer Research	0	0	56,493	56,493
Court Special Projects	0	0	147,177	147,177
Probation Services	0	0	148,418	148,418
IDIAMF	0	0	1,027	1,027
Housing Assistance	0	0	25,600	25,600
Cedar Point Development	0	0	150,328	150,328
Revolving Loan	0	0	244,817	244,817
Solid Waste	0	0	2,027,640	2,027,640
Storm Sewer Projects	0	0	2,890,103	2,890,103
Street Lighting	0	0	548,739	548,739
Sewer Maintenance	0	0	47,290	47,290
Street Construction	0	0	1,109,426	1,109,426
Street, Recreation and Building	0	818,743	0	818,743
General Bond Retirement	0	0	5	5
Total Restricted	0	818,743	11,907,767	12,726,510

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 4 – FUND BALANCE CLASSIFICATION (Continued)

Fund Balances	General Fund	Street/ Recreation Building Fund	Other Governmental Funds	Total Governmental Funds
Committed:				
Payroll Stabilization	1,134,403	0	0	1,134,403
50th Anniversary	0	0	17,702	17,702
City Recreation	0	0	19,777	19,777
Hazardous Waste	0	0	414,586	414,586
Fire Pumper	0	0	28,313	28,313
Storm Sewer Construction	0	0	1,380,933	1,380,933
Total Committed	1,134,403	0	1,861,311	2,995,714
Assigned:				
Fiscal Year 2025 Appropriations	6,417,721	0	0	6,417,721
Purchase Orders	893,729	0	0	893,729
Total Assigned	7,311,450	0	0	7,311,450
Unassigned (deficit)	19,230,059	0	(407,454)	18,822,605
Total Fund Balances	\$28,513,910	\$818,743	\$13,462,762	\$42,795,415

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds. Statutes require the classification of funds held by the City into three categories:

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

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

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

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose 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.

At year end the carrying amount of the City's deposits was \$14,340,411 and the bank balance was \$15,504,151. Federal depository insurance covered \$250,000 of the bank balance and \$15,254,151 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

B. Investments

The City's investments at December 31, 2025 are summarized below:

	Fair Value	Credit Rating	Fair Value Hierarchy	Investment Maturities (in Years)		
				less than 1	1-3	3-5
FHLB	\$11,281,373	AA ⁺ / Aaa ²	Level 2	\$6,120,867	\$3,917,156	\$1,243,350
FHLMC	1,995,462	AA ⁺ / Aaa ²	Level 2	0	1,995,462	0
FNMA	2,993,120	AA ⁺ / Aaa ²	Level 2	0	0	2,993,120
FFCB	6,638,879	AA ⁺ / Aaa ²	Level 2	990,400	999,870	4,648,609
U.S. Treasury Notes	11,544,889	AA ⁺ / Aaa ²	Level 2	0	5,575,022	5,969,867
Negotiable CD's	4,375,287	AA ⁺	Level 1	1,680,154	2,695,133	0
STAR Ohio	15,061,587	AAAm ¹	N/A	15,061,587	0	0
Total Investments	<u>\$53,890,597</u>			<u>\$23,853,008</u>	<u>\$15,182,643</u>	<u>\$14,854,946</u>

¹ Standard & Poor's

² Moody's Investor Service

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The City's investments in FHLB, FHLMC, FNMA, FFCB securities and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Investments in Star Ohio were rated AAAm by Standard & Poor's.

Custodial Credit Risk – The City's investments in FHLB, FHLMC, FNMA, FFCB securities and U.S. Treasury Notes in the amounts of \$11,281,373, \$1,995,462, \$2,993,120, \$6,638,879 and \$11,544,889, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 21% are FHLB, 4% are FHLMC, 6% are FNMA, 12% are FFCB, 21% are U.S. Treasury Notes, 8% are negotiable CD's and 28% is Star Ohio.

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation between classifications of cash and investments on the financial statements and classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents	Investments
Per Financial Statements	\$68,231,008	\$0
Investments:		
All Other Investments	(38,829,010)	38,829,010
STAR Ohio	(15,061,587)	15,061,587
Per Footnote	<u>\$14,340,411</u>	<u>\$53,890,597</u>

NOTE 6 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2025 were levied after October 1, 2024 on assessed values as of January 1, 2024, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2024 and the equalization adjustment was completed in 2021. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by July 31.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 6 - TAXES (Continued)

A. Property Taxes (Continued)

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

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

The full property tax rate for all City operations for the year ended December 31, 2025 was \$2.50 per \$1,000 of assessed value. The assessed value upon which the 2025 tax receipts were based was \$753,738,920. This amount constitutes \$681,012,760 in real property assessed value and \$72,726,160 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 0.250% (2.50 mills) of assessed value.

B. Income Tax

The City levies a tax of 2.25% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 7 – TAX ABATEMENT DISCLOSURES

Real Estate Tax Abatements

As of December 31, 2025, the City of Oregon provides tax incentives under three programs: Tax Increment Financing (TIF), Enterprise Zone (EZ), and Community Reinvestment Area (CRA).

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment area titled the Cedar Point Development Park Reinvestment Area. In general, this Community Reinvestment Area includes properties rezoned as C-I Commercial/Industrial bounded by Cedar Point Road, Lallendorf Road, Wynn Road and Corduroy Road, and A-1 Agricultural properties segregated in the Lallendorf Road and Corduroy Road corner, and on Seaman Road along the Southern border of the district, within the City of Oregon. The City of Oregon authorizes incentives through the passage of public ordinances, based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient's property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand businesses located in the City, and retain or create new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from commercial and industrial improvements consistent with the applicable zoning regulations.

The City of Oregon also contracts with the Oregon City School District for payments in lieu of taxes when required by Section 5709.82 of the Ohio Revised Code.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2025.

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 7 – TAX ABATEMENT DISCLOSURES (Continued)

Real Estate Tax Abatements (Continued)

Property Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2025 In Actual Dollars)
<i>Ohio Refining Company LLC (2019 - 2041) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2025	\$304,098
<i>Alpont LLC (2020 - 2035) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2025	29,385
<i>MBN NNN Investments LLC (2025 - 2038) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2025	50,003
<i>Oregon Place Apartments LLC (2025 - 2038) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2025	24,746
<i>BP-Husky Refining LLC (2011 - 2041) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2025	50,078
<i>Oregon Clean Energy LLC (2017 - 2032) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2025	208,926
<i>Oregon Lodging TPS LLC (2019 - 2029) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2025	111,095
<i>5434 Navarre Avenue LLC (2019 - 2029) (Enterprise Zone)</i>	
- Gross Dollar amount of taxes abated during 2025	29,289
<i>Menard Inc. (2008 - 2038) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2025	231,475
<i>Oregon Holdings Five LLC (2008 - 2038) (TIF)</i>	
- Gross Dollar amount of taxes abated during 2025	77,532
	<u>\$1,116,627</u>

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 8 - RECEIVABLES

Receivables at December 31, 2025 consisted of taxes, leases, settlements, interest, accounts receivable, special assessments, payments in lieu of taxes and intergovernmental receivables.

NOTE 9 - INTERFUND TRANSFERS

Following is a summary of transfers in and out for all funds for 2025:

	Transfers In:			
	Other Governmental Funds	Water Fund	Sewer Fund	Total
Transfers Out:				
General Fund	\$510,000	\$1,200,000	\$1,200,000	\$2,910,000
Other Governmental Funds	1,331,955	0	0	1,331,955
Sewer Fund	268,800	0	0	268,800
	<u>\$2,110,755</u>	<u>\$1,200,000</u>	<u>\$1,200,000</u>	<u>\$4,510,755</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Transfers of \$2,131,200 were eliminated on the entity-wide statement of activities since they were within the governmental and business-type activities.

Transfers from the Other Governmental Funds to the Other Governmental Funds were used for capital projects such as highway and street improvements and debt payments on outstanding debt.

Transfers from the Sewer Fund to the Other Governmental Funds were used for maintenance to the sewer lines.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets for the year ended December 31, 2025 was as follows:

<i>Historical Cost:</i>	Restated December 31, 2024	Additions	Deletions	December 31, 2025
Class				
<i>Capital assets not being depreciated:</i>				
Land	\$5,418,324	\$546,300	\$0	\$5,964,624
Construction in Progress	19,848,867	5,610,807	(8,518,526)	16,941,148
Subtotal	25,267,191	6,157,107	(8,518,526)	22,905,772
<i>Capital assets being depreciated:</i>				
Land Improvements	10,468,740	1,517,773	0	11,986,513
Buildings and Improvements	22,321,012	37,309	0	22,358,321
Machinery and Equipment	6,138,572	1,403,973	(153,687)	7,388,858
Vehicles	10,700,206	1,179,047	(1,045,145)	10,834,108
Infrastructure	102,256,981	8,669,538	0	110,926,519
Subtotal	151,885,511	12,807,640	(1,198,832)	163,494,319
Total Cost	\$177,152,702	\$18,964,747	(\$9,717,358)	\$186,400,091
<i>Accumulated Depreciation:</i>				
Class	December 31, 2024	Additions	Deletions	December 31, 2025
Land Improvements	(\$4,306,945)	(\$323,438)	\$0	(\$4,630,383)
Buildings and Improvements	(8,428,193)	(634,714)	0	(9,062,907)
Machinery and Equipment	(4,942,326)	(367,690)	153,687	(5,156,329)
Vehicles	(9,491,220)	(638,860)	1,045,145	(9,084,935)
Infrastructure	(42,325,523)	(2,400,525)	0	(44,726,048)
Total Depreciation	(\$69,494,207)	(\$4,365,227) *	\$1,198,832	(\$72,660,602)
Capital assets being depreciated, net:	82,391,304	8,442,413	0	90,833,717
<i>Net Value:</i>	\$107,658,495			\$113,739,489

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$762,162
Public Health and Welfare Services	16,562
Leisure Time Activities	313,622
Community Environment	1,560
Transportation	2,946,436
General Government	324,885
Total Depreciation Expense	\$4,365,227

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements *For the Year Ended December 31, 2025*

NOTE 10 - CAPITAL ASSETS (continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities for the year ended December 31, 2025 was as follows:

Historical Cost:

Class	Reclassified December 31, 2024	Additions	Deletions	December 31, 2025
<i>Capital assets not being depreciated:</i>				
Land	\$756,016	\$0	\$0	\$756,016
Construction in Progress	1,711,107	6,404,608	(3,184,671)	4,931,044
Subtotal	<u>2,467,123</u>	<u>6,404,608</u>	<u>(3,184,671)</u>	<u>5,687,060</u>
<i>Capital assets being depreciated:</i>				
Buildings and Distributions	174,325,565	3,541,414	0	177,866,979
Machinery and Equipment	2,617,046	172,595	0	2,789,641
Vehicles	949,827	173,149	(24,758)	1,098,218
Subtotal	<u>177,892,438</u>	<u>3,887,158</u>	<u>(24,758)</u>	<u>181,754,838</u>
Total Cost	<u>\$180,359,561</u>	<u>\$10,291,766</u>	<u>(\$3,209,429)</u>	<u>\$187,441,898</u>

Accumulated Depreciation:

Class	Reclassified December 31, 2024	Additions	Deletions	December 31, 2025
Buildings and Distributions	(\$90,709,902)	(\$3,109,906)	\$0	(\$93,819,808)
Machinery and Equipment	(2,073,011)	(110,702)	0	(2,183,713)
Vehicles	(826,857)	(41,500)	24,758	(843,599)
Total Depreciation	<u>(\$93,609,770)</u>	<u>(\$3,262,108)</u>	<u>\$24,758</u>	<u>(\$96,847,120)</u>
Capital assets being depreciated, net:	<u>84,282,668</u>	<u>625,050</u>	<u>0</u>	<u>84,907,718</u>
<i>Net Value:</i>	<u>\$86,749,791</u>			<u>\$90,594,778</u>

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers two separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan, and the member-directed plan is a defined contribution plan. The traditional pension plan also includes members of the legacy combined plan, a hybrid defined benefit/defined contribution plan referred to as the combined plan division of the traditional pension plan throughout this disclosure. Prior to January 1, 2024, the combined plan was a separate pension plan. Effective January 1, 2022, the combined plan was no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33 which allowed for the consolidation of the combined plan into the traditional pension plan. The combined plan was consolidated into the traditional pension plan effective January 1, 2024, and is tracked as a separate division within the traditional pension plan.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

No changes were made to the benefit design features of the combined plan as part of this consolidation so that members in this plan will experience no changes. Throughout this disclosure, references to the traditional pension plan are inclusive of the combined plan division, unless otherwise noted.

Members of the combined plan division earn a formula benefit similar to, but at a factor less than, the traditional pension plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, combined plan division member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, the member may choose a defined contribution retirement distribution that is equal in amount to the member's contributions to the plan and investment gains or losses on those contributions. Members in this division may also elect to annuitize their defined contribution account balances.

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

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: (Excluding Combined Plan Division) 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: (Excluding Combined Plan Division) 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: (Excluding Combined Plan Division) 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Division Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan division 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. Member-directed plan and combined plan division members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan division consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan division members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	Traditional Pension Plan State and Local Divisions			
	Excluding		Public Safety	Law Enforcement
	Combined Plan Division	Combined Plan Division		
2025 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2025 Actual Contribution Rates				
Employer:				
Pension *****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	0.0	2.0	0.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

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

** This rate is determined by OPERS' Board and has no maximum rate established by ORC.

*** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

***** These pension and employer health care rates are for the traditional plan.

The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,415,664 for 2025. Of this amount, \$110,064 is reported as accrued wages and benefits.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year are 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.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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>
2025 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2025 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 OPF was \$1,680,058 for 2025. Of this amount, \$163,639 is reported as accrued wages and benefits.

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The net pension liability for OPERS was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2024, and was determined by rolling forward the total pension liability as of January 1, 2024, to December 31, 2024. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$13,304,088	\$22,391,617	\$35,695,705
Proportion of the Net Pension Liability-2025	0.054268%	0.234523%	
Proportion of the Net Pension Liability-2024	<u>0.055537%</u>	<u>0.232513%</u>	
Percentage Change	<u>(0.001269%)</u>	<u>0.002009%</u>	
Pension Expense	\$1,346,618	\$2,984,172	\$4,330,790

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$883,324	\$883,324
Differences between expected and actual experience	254,554	949,975	1,204,529
Net difference between projected and actual earnings on pension plan investments	1,569,480	1,084,636	2,654,116
Change in proportionate share	0	1,358,269	1,358,269
City contributions subsequent to the measurement date	1,415,664	1,680,058	3,095,722
Total Deferred Outflows of Resources	<u>\$3,239,698</u>	<u>\$5,956,262</u>	<u>\$9,195,960</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$253,783	\$253,783
Differences between expected and actual experience	0	113,227	113,227
Change in proportionate share	252,305	973,878	1,226,183
Total Deferred Inflows of Resources	<u>\$252,305</u>	<u>\$1,340,888</u>	<u>\$1,593,193</u>

\$3,095,722 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2026	\$717,343	\$1,272,478	\$1,989,821
2027	1,657,125	1,862,387	3,519,512
2028	(605,546)	(127,063)	(732,609)
2029	(197,193)	(193,475)	(390,668)
2030	0	103,995	103,995
2031	0	16,994	16,994
Total	<u>\$1,571,729</u>	<u>\$2,935,316</u>	<u>\$4,507,045</u>

Actuarial Assumptions - OPERS

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2024 and December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

During 2024, 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 8.8 percent for 2024.

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.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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, 2024, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.42%
Domestic Equities	21.00	5.70
Real Estate	13.00	4.17
Private Equity	15.00	8.40
International Equities	20.00	6.10
Risk Parity	2.00	4.40
Other investments	5.00	2.54
Total	<u>100.00%</u>	

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$21,764,724	\$13,304,088	\$6,273,381

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2024 is based on the results of an actuarial valuation date of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2024, compared with January 1, 2023, are presented below.

	January 1, 2024	January 1, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

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

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

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

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2024, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	3.80 %
Non-US Equity	12.40	4.60
Private Markets	10.00	5.60
Core Fixed Income *	25.00	2.60
High Yield Fixed Income	7.00	4.30
Private Credit	5.00	6.70
U.S. Inflation Linked Bonds*	15.00	2.40
Midstream Energy Infrastructure	5.00	5.20
Real Assets	8.00	6.10
Gold	5.00	3.20
Private Real Estate	12.00	5.30
Commodities	2.00	2.50
Total	125.00 %	

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.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements *For the Year Ended December 31, 2025*

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2024, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2023 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$29,984,465	\$22,391,617	\$16,076,916

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The Traditional Pension Plan also includes members of the legacy Combined Plan, a hybrid defined benefit/defined contribution plan referred to as the Combined Plan division of the Traditional Pension Plan throughout this report. Prior to January 1, 2024, the Combined Plan was a separate pension plan. Effective January 1, 2022, the Combined Plan is no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33 which allowed for the consolidation of the Combined Plan into the Traditional Pension Plan. The Combined Plan was consolidated into the Traditional Pension Plan effective January 1, 2024 and is tracked as a separate division within the Traditional Pension Plan. No changes were made to the benefit design features of the Combined Plan as part of this consolidation so that members in this plan will experience no changes. Throughout this report, references to the Traditional Pension Plan are inclusive of the Combined Plan division, unless otherwise noted.

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

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

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

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

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

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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:

Group A	Group B	Group C
Age and Service Requirements December 1, 2014 or Prior	Age and Service Requirements December 1, 2014 or Prior	Age and Service Requirements December 1, 2014 or Prior
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

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.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority 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 2025, no portion of the employer contribution rate was allocated to health care for the Traditional Pension Plan (excluding the Combined Plan division). The employer contribution as a percent of covered payroll deposited for the Combined Plan division and Member-Directed Plan health care programs in 2025 was 2.0% and 4.0%, respectively.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2025.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

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

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

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

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

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

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

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2025, 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 \$40,543 for 2025.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024, 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, 2024, and was determined by rolling forward the total OPEB liability as of January 1, 2024, to December 31, 2024. 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
Proportionate Share of the Net OPEB Liability (Asset)	(\$1,288,647)	\$1,448,323	\$159,676
Proportion of the Net OPEB Liability (Asset) -2025	0.054971%	0.234523%	
Proportion of the Net OPEB Liability (Asset) -2024	0.055185%	0.232513%	
Percentage Change	(0.000214%)	0.002009%	
OPEB Expense	(\$426,115)	\$58,159	(\$367,956)

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$305,284	\$305,284
Differences between expected and actual experience	0	65,041	65,041
Net difference between projected and actual earnings on OPEB plan investments	26,534	58,987	85,521
Change in proportionate share	0	241,031	241,031
City contributions subsequent to the measurement date	0	40,543	40,543
Total Deferred Outflows of Resources	<u>\$26,534</u>	<u>\$710,886</u>	<u>\$737,420</u>
Deferred Inflows of Resources			
Changes in assumptions	\$185,936	\$1,024,961	\$1,210,897
Differences between expected and actual experience	62,722	295,516	358,238
Change in proportionate share	0	176,670	176,670
Total Deferred Inflows of Resources	<u>\$248,658</u>	<u>\$1,497,147</u>	<u>\$1,745,805</u>

\$40,543 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2026	(\$132,629)	(\$101,182)	(\$233,811)
2027	120,527	(68,854)	51,673
2028	(155,316)	(170,451)	(325,767)
2029	(54,706)	(178,921)	(233,627)
2030	0	(194,645)	(194,645)
2031	0	(56,121)	(56,121)
2032	0	(39,223)	(39,223)
2033	0	(17,407)	(17,407)
Total	<u>(\$222,124)</u>	<u>(\$826,804)</u>	<u>(\$1,048,928)</u>

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior measurement date	5.70 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	4.08 percent
Prior measurement date	3.77 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2039
Prior measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Actuarial Cost Method	Individual Entry Age Normal

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

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2024, 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 10.0 percent for 2024.

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, 2024, 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%	2.37%
Domestic Equities	26.00	5.70
Real Estate Investment Trust	5.00	5.00
International Equities	26.00	6.10
Risk Parity	3.00	4.40
Other investments	3.00	2.50
Total	100.00%	

Discount Rate A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2024; however, the single discount rate used at the beginning of the year was 5.70%. 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). The single discount rate was based on the actuarial assumed rate of return of 6.00%.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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 2124. As a result, the single discount rate was set as the actuarial assumed long-term expected rate of return on health care investments and was applied to projected costs through the year 2124, the duration of the projection period through which projected health care payments are fully funded. The tax-exempt municipal bond rate was not needed in the determination of the single discount rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$639,862)	(\$1,288,647)	(\$1,829,985)

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 2025 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$1,308,310)	(\$1,288,647)	(\$1,266,532)

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2024, is based on the results of an actuarial valuation date of January 1, 2024, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

	January 1, 2024	January 1, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent	3.50 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	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.69 percent	4.07 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple
Projected Depletion Year of OPEB Assets	2039	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.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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, 2024, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	3.80 %
Non-US Equity	12.40	4.60
Private Markets	10.00	5.60
Core Fixed Income *	25.00	2.60
High Yield Fixed Income	7.00	4.30
Private Credit	5.00	6.70
U.S. Inflation Linked Bonds*	15.00	2.40
Midstream Energy Infrastructure	5.00	5.20
Real Assets	8.00	6.10
Gold	5.00	3.20
Private Real Estate	12.00	5.30
Commodities	2.00	2.50
Total	125.00 %	

Note: Assumptions are geometric.

* levered 2.0x

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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 2024, the total OPEB liability was calculated using the discount rate of 4.69 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, 2038, and the Municipal Bond Index Rate of 4.04 percent was applied to periods on and after December 31, 2038, resulting in a discount rate of 4.69 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.69 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 (3.69 percent), or one percentage point higher (5.69 percent) than the current rate.

	1% Decrease (3.69%)	Current Discount Rate (4.69%)	1% Increase (5.69%)
City's proportionate share of the net OPEB liability	\$1,798,331	\$1,448,323	\$1,151,814

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

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 13 - COMPENSATED ABSENCES

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

At December 31, 2025, the City's accumulated, unpaid compensated absences amounted to \$3,791,085 of which \$2,833,391 is recorded as a liability of the Governmental Activities and \$957,694 is recorded as a liability of the Business-Type Activities.

NOTE 14 - LONG-TERM LIABILITIES

Long-term liabilities of the City at December 31, 2025 was as follows:

Date Purchased			Maturity Date	Balance December 31, 2024	Issued	(Retired)	Balance December 31, 2025	Amount Due Within One Year
Governmental Activities Long-Term Liabilities:								
General Obligation Bonds:								
2020	2.00%	Wheeling Street Improvement	2030	\$1,465,000	\$0	(\$225,000)	\$1,240,000	\$235,000
2020	2.00%	Big Ditch/Stadium	2032	1,345,000	0	(150,000)	1,195,000	160,000
2020	2.00%	Fire Station	2046	4,800,000	0	(185,000)	4,615,000	190,000
		Premium		122,800	0	(5,848)	116,952	0
2021	2.00%	Fire Station	2046	1,360,000	0	(55,000)	1,305,000	55,000
		Premium		23,176	0	(1,053)	22,123	0
2021	2.00%	Town Center	2046	5,305,000	0	(205,000)	5,100,000	215,000
		Premium		88,749	0	(4,438)	84,311	0
2021	2.00%	Bikeway Connector	2046	465,000	0	(65,000)	400,000	65,000
		Premium		27,607	0	(1,255)	26,352	0
2024	6.00%	Piper Improvements	2046	4,500,000	0	0	4,500,000	0
Total General Obligation Bonds				19,502,332	0	(897,594)	18,604,738	920,000

(Continued)

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 14 - LONG-TERM LIABILITIES (Continued)

Date Purchased			Maturity Date	Restated Balance December 31, 2024	Issued	(Retired)	Balance December 31, 2025	Amount Due Within One Year
Governmental Activities Long-Term Liabilities:								
Ohio Public Works Commission Loan:								
2011	0.00%	Big Ditch Improvement	2031	\$167,580	\$0	(\$23,940)	\$143,640	\$23,940
2013	0.00%	Oregon Flood Relief	2034	350,029	0	(35,003)	315,026	35,002
2015	0.00%	Resurfacing Project	2025	8,027	0	(8,027)	0	0
Total Ohio Public Works Commission Loans				525,636	0	(66,970)	458,666	58,942
2024	Long-Term Note:							
	4.13%	Johlin Note		1,976,951	0	(464,652)	1,512,299	483,842
Long-Term Loan Payable:								
2015	0.39%	Toledo Lucas County Port Authority	2028	616,545	0	(133,467)	483,078	138,120
Compensated Absences				2,899,192	0	(65,801)	2,833,391	1,007,068
Financing Obligations				34,871	0	(34,871)	0	0
Police and Firemen's Pension Accrued Liability				27,712	0	(2,163)	25,549	2,256
Net Pension Liability				32,061,289	0	(808,211)	31,253,078	0
Net OEPB Liability				1,697,649	0	(249,326)	1,448,323	0
Total Governmental Activities Long-Term Liabilities				\$59,342,177	\$0	(\$2,723,055)	\$56,619,122	\$2,610,228

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 14 - LONG-TERM LIABILITIES (Continued)

Date Purchased		Maturity Date	Balance December 31, 2024	Issued	(Retired)	Balance December 31, 2025	Amount Due Within One Year
Business-Type Long-Term Liabilities:							
Ohio Public Works Commission Loans:							
2005	0.00%	Water Treatment Plant Improvements - Phase IV	2025	\$15,350	\$0	(\$15,350)	\$0
2006	0.00%	Water Treatment Plant Improvements - Phase V	2026	6,301	0	(4,201)	2,100
2007	0.00%	South Shore Park Waterline - Phase II	2027	9,599	0	(3,200)	6,399
2009	0.00%	Elevated Storage Tank	2031	157,500	0	(22,500)	135,000
2011	0.00%	Sanitary Sewer Rehabilitation	2031	65,000	0	(10,000)	55,000
2012	0.00%	Sanitary Sewer Rehabilitation	2033	202,500	0	(22,500)	180,000
2007	0.00%	Eastwyck Sanitary Pump Station	2026	19,339	0	(9,670)	9,669
2014	0.00%	Wastewater Treatment Plant Phase I	2035	267,839	0	(24,350)	243,489
2016	0.00%	Wastewater Treatment Plant Phase III	2036	20,185	0	(1,682)	18,503
2016	0.00%	Wastewater Secondary Treatment Plant	2036	520,000	0	(40,000)	480,000
2020	0.00%	Navarre Avenue Waterline Replacement	2036	360,000	0	(22,500)	337,500
2022	0.00%	Sanitary Sewer Rehabilitation Phase V	2042	142,323	0	(8,133)	134,190
2024	0.00%	Sanitary Sewer Disinfection and Grit Removal	2045	695,494	0	(17,387)	678,107
2025	0.00%	WTP Concrete Replacement	2045	0	450,000	0	450,000
2025	0.00%	Seaman, Norden & Wynn Waterline Replacement	2045	0	450,000	0	450,000
Total Ohio Public Works Commission Loans			2,481,430	900,000	(201,473)	3,179,957	246,410
Ohio Water Development Authority Loans:							
2006	3.35%	Pickle Road Sewer	2025	83,821	0	(83,821)	0
2011	3.52%	Elevated Storage Tank	2030	1,486,281	0	(249,458)	1,236,823
2013	2.64%	Phase II Sanitary Sewer Rehab	2033	702,787	0	(79,999)	622,788
2007	3.25%	Coy Road Sewer	2027	68,661	0	(33,778)	34,883
2015	3.37%	WWTP Secondary Improvements Phase I	2035	3,626,926	0	(310,619)	3,316,307
2016	1.99%	WWTP Secondary Improvements Phase III	2036	965,233	0	(79,321)	885,912
2016	1.58%	WWTP Secondary Improvements Phase II	2037	711,775	0	(54,316)	657,459
2016	0.19%	WWTP Secondary Improvements Phase II	2038	4,489,814	0	(341,448)	4,148,366
2017	2.28%	WWTP Sludge Dewatering	2038	2,054,689	0	(131,580)	1,923,109
2017	2.13%	Sanitary Sewer Rehabilitation 4B	2038	962,326	0	(62,231)	900,095
2017	1.88%	Southwest Water Distribution Improvement	2038	1,271,456	0	(83,566)	1,187,890
2017	0.00%	Water Treatment Plant Infrastructure	2038	9,075,156	0	(698,089)	8,377,067
2018	2.15%	Southwest Water Distribution Improvement	2039	1,807,451	0	(107,468)	1,699,983
2019	1.03%	Navarre Avenue Waterline Replacement	2041	2,066,937	0	(115,544)	1,951,393
2020	1.17%	Star Avenue and Norden	2041	698,602	0	(39,947)	658,655
2021	0.70%	Sanitary Sewer Rehabilitation Phase 5	2041	819,284	0	(47,010)	772,274
2022	2.23%	WWTP Safety Disinfection	2042	1,416,778	162,915	(63,460)	1,516,233
2024	2.88%	Waterline Replacement	2046	1,360,539	1,806,024	0	3,166,563
2024	2.78%	WTP Concrete Replacement	2046	132,192	1,892,733	0	2,024,925
Total Ohio Water Development Authority Loans			33,800,708	3,861,672	(2,581,655)	35,080,725	2,535,241
Compensated Absences			922,362	35,332	0	957,694	374,128
Net Pension Liability			4,942,516	0	(499,889)	4,442,627	0
Total Business-Type Activities Long-Term Liabilities			\$42,147,016	\$4,797,004	(\$3,283,017)	\$43,661,003	\$3,155,779

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 14 - LONG-TERM LIABILITIES (Continued)

A. Police and Firemen's Pension Fund

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2025 was \$25,549 in principal and \$5,766 in interest payments through the year 2035. Only the principal amount is included in the Governmental Activities Long-Term Debt. This is paid out of the General Fund.

B. Principal and Interest Requirements

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2025, follows:

Years	<u>Governmental Activities</u>	
	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$920,000	\$194,178
2027	1,035,000	355,628
2028	1,055,000	340,778
2029	1,060,000	328,028
2030	1,095,000	307,326
2031-2035	3,530,000	1,364,630
2036-2040	3,400,000	1,066,282
2041-2045	3,795,000	689,296
2046-2050	1,700,000	298,763
2051-2053	765,000	62,000
Totals	<u>\$18,355,000</u>	<u>\$5,006,909</u>

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 14 - LONG-TERM LIABILITIES (Continued)

B. Principal and Interest Requirements (Continued)

<u>Governmental Activities</u>								
Years	OPWC Loans		Police/Firemen's Pension Accrued Liability		Long-Term Loan		Long-Term Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$58,942	\$0	\$2,256	\$1,066	\$138,120	\$18,809	\$483,842	\$62,458
2027	58,942	0	2,353	969	142,778	13,377	503,825	42,475
2028	58,942	0	2,454	868	202,170	7,762	524,632	21,667
2029	58,942	0	2,549	763	0	0	0	0
2030	58,942	0	2,669	652	0	0	0	0
2031-2035	163,956	0	13,268	1,448	0	0	0	0
Totals	<u>\$458,666</u>	<u>\$0</u>	<u>\$25,549</u>	<u>\$5,766</u>	<u>\$483,068</u>	<u>\$39,948</u>	<u>\$1,512,299</u>	<u>\$126,600</u>

<u>Business-Type Activities</u>				
Years	OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest
2026	\$2,535,241	\$348,913	\$246,410	\$0
2027	2,537,669	334,532	\$234,639	0
2028	2,576,013	299,827	\$231,440	0
2029	2,615,428	262,144	\$231,440	0
2030	2,506,141	224,462	\$231,440	0
2031-2035	11,539,583	663,134	\$977,189	0
2036-2040	5,110,686	156,209	\$633,722	0
2041-2045	468,475	19,467	\$393,677	0
Totals	<u>\$29,889,236</u>	<u>\$2,308,688</u>	<u>\$3,179,957</u>	<u>\$0</u>

The OWDA loans of \$3,166,563 and \$2,024,925, less amount due within one year are not included in the above maturity tables. The construction has started, but the loans are not payable until the construction is completed. At that time, loan payments will be determined.

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 15 - INSURANCE AND 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. In August 2004, the City joined the Ohio Government Risk Management Plan (the "OGRMP"), a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 585 member political subdivisions. The City pays an annual premium to the OGRMP for its general insurance coverage. The agreement for formation of the OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure all claims in excess of a member's deductible through commercial insurance and reinsurance companies.

The City continues to carry commercial insurance for other risks of loss, including employee health and life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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CITY OF OREGON, OHIO

Notes to the Basic Financial Statements ***For the Year Ended December 31, 2025***

NOTE 15 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Self Insurance Fund

The City established an internal service fund, the Self Insurance Fund, to receive payments from each fund based upon employee participation, to cover the cost of participant and dependent coverage under the plan. GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims incurred but not reported at year end were determined to be immaterial, therefore no liability has been recorded. Changes in the fund's claims liability amount for the past three years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2023	\$1,465	\$20,444	(\$21,909)	\$0
2024	0	24,508	(23,349)	1,159
2025	1,159	27,663	(26,444)	2,378

B. Workers' Compensation Internal Service Fund

The City is a participating member with the Ohio Municipal League Retrospective Rating Program. Retrospective (Retro) Rating is best described as a quasi self-insured program, which shifts a selected level of risk to the employer in return for a reduction in premium. Under the Retro plan employers are responsible for actual claims cost on all claims occurring within the program period. Retro claims have a ten-year life commencing with the date of injury. Claims cost for Retro claims incurred beyond ten years from the date of injury will be assumed by the Bureau. The City has a claims limit of \$200,000 per claim with a billable ceiling of 200% of the premium for 2025. Changes in the Workers' Compensation Internal Service Fund's claims liability for the past three years were as follows:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2023	179	158,774	(158,953)	0
2024	0	265,249	(265,249)	0
2025	0	267,765	(267,765)	0

CITY OF OREGON, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2025

NOTE 16 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

NOTE 17 – ASSET RETIREMENT OBLIGATIONS (ARO)

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewer system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their wastewater treatment facilities. At this time, due to limitations associated with the existing plant's age and building materials within the plant, the engineer consulted would not have a reasonable estimate to calculate a liability for this year.

NOTE 18 – LEASES RECEIVABLE

The City of Oregon (Landlord) has entered into a lease agreement with Verizon LLC (Tenant). The lease was for space to place a cell tower for Verizon to provide cell phone service to the surrounding area. As part of the lease agreement, Verizon has agreed to pay the City a monthly fee of \$1,591 through August 1, 2039. The lease can be renewed with both parties' agreement to do so.

A summary of future lease payments to be received by the City, including lease revenue and interest payments as of December 31, 2025, follows:

<u>Years</u>	<u>Annual Rent</u>
2026	\$19,097
2027	19,097
2028	19,097
2029	19,097
2030	19,097
2031-2035	95,485
2036-2039	70,000
Totals	<u><u>\$260,970</u></u>

CITY OF OREGON, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OREGON, OHIO

Schedule of City's Proportionate Share of the Net Pension Liability Last Ten Years

Ohio Public Employees Retirement System

Year	2016	2017	2018	2019
City's proportion of the net pension liability	0.064599%	0.066944%	0.066782%	0.067617%
City's proportionate share of the net pension liability	\$11,189,300	\$15,201,775	\$10,476,756	\$18,518,923
City's covered payroll	\$9,550,175	\$8,704,300	\$8,898,500	\$9,309,743
City's proportionate share of the net pension liability as a percentage of its covered payroll	117.16%	174.65%	117.74%	198.92%
Plan fiduciary net position as a percentage of the total pension liability	81.08%	77.25%	84.66%	74.70%

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

Ohio Police and Fire Pension Fund

Year	2016	2017	2018	2019
City's proportion of the net pension liability	0.215371%	0.220761%	0.217110%	0.216446%
City's proportionate share of the net pension liability	\$13,854,991	\$13,982,761	\$13,324,995	\$17,667,714
City's covered payroll	\$4,156,127	\$5,013,216	\$5,009,945	\$4,867,252
City's proportionate share of the net pension liability as a percentage of its covered payroll	333.36%	278.92%	265.97%	362.99%
Plan fiduciary net position as a percentage of the total pension liability	66.77%	68.36%	70.91%	63.07%

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

Notes: The City implemented GASB Statement 68 in 2015.

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

See accompanying notes to required supplementary information

CITY OF OREGON, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.065318%	0.063067%	0.060844%	0.058077%	0.055537%	0.054268%
\$12,910,540	\$9,338,845	\$5,293,670	\$17,155,967	\$14,539,809	\$13,304,088
\$9,207,921	\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057	\$9,168,214
140.21%	105.71%	59.26%	193.14%	148.36%	145.11%
82.17%	86.88%	92.62%	75.74%	79.01%	80.99%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.217398%	0.214484%	0.221231%	0.246772%	0.232513%	0.234523%
\$14,645,084	\$14,621,574	\$13,821,223	\$23,440,922	\$22,463,996	\$22,391,617
\$4,818,109	\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230	\$6,898,920
303.96%	318.10%	266.90%	355.72%	338.45%	324.57%
69.89%	70.65%	75.03%	62.90%	63.63%	65.26%

CITY OF OREGON, OHIO

***Schedule of City Pension Contributions
Last Ten Years***

Ohio Public Employees Retirement System

Year	2016	2017	2018	2019
Contractually required contribution	\$1,044,516	\$1,156,804	\$1,303,364	\$1,289,109
Contributions in relation to the contractually required contribution	<u>1,044,516</u>	<u>1,156,804</u>	<u>1,303,364</u>	<u>1,289,109</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$8,704,300	\$8,898,500	\$9,309,743	\$9,207,921
Contributions as a percentage of covered payroll	12.00%	13.00%	14.00%	14.00%

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

Ohio Police and Fire Pension Fund

Year	2016	2017	2018	2019
Contractually required contribution	\$1,007,155	\$1,006,498	\$977,831	\$967,958
Contributions in relation to the contractually required contribution	<u>1,007,155</u>	<u>1,006,498</u>	<u>977,831</u>	<u>967,958</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$5,013,216	\$5,009,945	\$4,867,252	\$4,818,109
Contributions as a percentage of covered payroll	20.09%	20.09%	20.09%	20.09%

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

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to required supplementary information

CITY OF OREGON, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$1,236,848	\$1,250,598	\$1,243,552	\$1,372,008	\$1,283,550	\$1,415,664
<u>1,236,848</u>	<u>1,250,598</u>	<u>1,243,552</u>	<u>1,372,008</u>	<u>1,283,550</u>	<u>1,415,664</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057	\$9,168,214	\$10,111,886
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$979,068	\$1,103,020	\$1,403,591	\$1,413,730	\$1,469,470	\$1,680,058
<u>979,068</u>	<u>1,103,020</u>	<u>1,403,591</u>	<u>1,413,730</u>	<u>1,469,470</u>	<u>1,680,058</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230	\$6,898,920	\$7,887,596
21.30%	21.30%	21.30%	21.30%	21.30%	21.30%

CITY OF OREGON, OHIO

***Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB Liability (Asset))
Last Nine Years***

Ohio Public Employees Retirement System

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.065835%	0.065929%	0.066812%	0.064666%
City's proportionate share of the net OPEB liability (asset)	\$6,649,605	\$7,159,418	\$8,710,708	\$8,932,054
City's covered payroll	\$8,704,300	\$8,898,500	\$9,309,743	\$9,207,921
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	76.39%	80.46%	93.57%	97.00%
Plan fiduciary net position as a percentage of the total OPEB liability	54.50%	54.14%	46.33%	47.80%

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

Ohio Police and Fire Pension Fund

Year	2017	2018	2019	2020
City's proportion of the net OPEB liability (asset)	0.220761%	0.217110%	0.216446%	0.217398%
City's proportionate share of the net OPEB liability (asset)	\$10,479,013	\$12,301,123	\$1,971,072	\$2,147,397
City's covered payroll	\$5,013,216	\$5,009,945	\$4,867,252	\$4,818,109
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	209.03%	245.53%	40.50%	44.57%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%	47.08%

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

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability.

See accompanying notes to required supplementary information

CITY OF OREGON, OHIO

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.062542%	0.060234%	0.057393%	0.055185%	0.054971%
(\$1,114,175)	(\$1,886,618)	\$361,876	(\$498,057)	(\$1,288,647)
\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057	\$9,168,214
(12.61%)	(21.12%)	4.07%	(5.08%)	(14.06%)
115.57%	128.23%	94.79%	107.76%	121.51%

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
0.214484%	0.221231%	0.246772%	0.232513%	0.234523%
\$2,272,493	\$2,424,878	\$1,756,941	\$1,697,649	\$1,448,323
\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230	\$6,898,920
49.44%	46.83%	26.66%	25.58%	20.99%
45.42%	46.86%	52.59%	51.89%	56.05%

CITY OF OREGON, OHIO

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions
Last Ten Years***

Ohio Public Employees Retirement System

Year	2016	2017	2018	2019
Contractually required contribution	\$174,086	\$88,985	\$0	\$0
Contributions in relation to the contractually required contribution	174,086	88,985	0	0
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$8,704,300	\$8,898,500	\$9,309,743	\$9,207,921
Contributions as a percentage of covered payroll	2.00%	1.00%	0.00%	0.00%

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

Ohio Police and Fire Pension Fund

Year	2016	2017	2018	2019
Contractually required contribution	\$25,066	\$25,101	\$24,316	\$24,083
Contributions in relation to the contractually required contribution	25,066	25,101	24,316	24,083
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$5,013,216	\$5,009,945	\$4,867,252	\$4,818,109
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

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

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to required supplementary information

CITY OF OREGON, OHIO

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,834,629	\$8,932,843	\$8,882,514	\$9,800,057	\$9,168,214	\$10,111,886
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$24,189	\$26,788	\$33,982	\$34,281	\$35,443	\$40,543
<u>24,189</u>	<u>26,788</u>	<u>33,982</u>	<u>34,281</u>	<u>35,443</u>	<u>40,543</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,596,563	\$5,178,498	\$6,589,629	\$6,637,230	\$6,898,920	\$7,887,596
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

CITY OF OREGON, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2025

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2016-2025.

Changes in assumptions:

2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023-2025: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF OREGON, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2025

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2016-2025.

Changes in assumptions:

2016-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024-2025: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF OREGON, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2025

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021, and 2023-2025.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

CITY OF OREGON, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2025

NET OPEB LIABILITY (ASSET) (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 4.05% to 3.77%
- The single discount rate changed from 5.22% to 5.70%.

2025: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 3.77% to 4.08%
- The single discount rate changed from 5.70% to 6.00%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2025: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

CITY OF OREGON, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2025

NET OPEB LIABILITY (ASSET) (Continued)

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

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.27% to 4.07%.

2025: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.07% to 4.69%.

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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**

Honorable Mayor and the City Council
City of Oregon, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oregon, Ohio (the City), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 9, 2026.

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 entity'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 deficiency in internal control, described in the accompanying schedule of findings as item 2025-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
July 9, 2026

CITY OF OREGON
SCHEDULE OF AUDIT FINDINGS
December 31, 2025

2025– 001 Finding Type — Material Weakness — Controls Related to Financial Reporting

The presentation of financial statements and related footnotes that are free of material misstatement is the responsibility of the City’s management. Independent auditors are not part of an entity’s internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to preparing financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes in a timely manner prior to audit.

The City identified an adjustment that was to correct an accounting error for the reporting of capital assets and long-term debt as of December 31, 2024. This required a restatement of Net Position.

Our audit identified misstatements in the City’s capital asset disclosures in order to present the disclosure fairly. Amounts were misclassified by type for business-type activities (Buildings and Distributions, Machinery and Equipment, and Vehicles) and required adjustment.

Our audit identified misstatements in the City’s financial statements that required adjustment in order to present the financial statements in accordance with accounting principles generally accepted in the United States of America.

We provided adjustments to the City which corrected the misstatements prior to the issuance of the financial statements. The misstatements related to the following:

- Taxes Receivable and Income Taxes Revenue in Governmental Activities
- Taxes Receivable, Income Taxes Revenue and Deferred Inflows of Resources – Unavailable Amounts (income taxes) in the Governmental Funds (General Fund).
- Interfund Loans Receivable (Water Fund) and Interfund Loans Payable (Sewer Fund)
- Transfers Out (Water Fund) and Transfers In (Sewer Fund)

Recommendation:

We recommend the City evaluate and implement improvements to internal control policies and procedures over financial reporting.

Management’s Response:

The City Agrees.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF OREGON

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/6/2026

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

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