

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 25, 2025

NEW ISSUE; BOOK-ENTRY ONLY

Rating: S&P: SP-1+
See **Rating**

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Notes are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Notes may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see **Tax Matters**.*



\$5,000,000*
CITY OF ELYRIA, OHIO
GENERAL OBLIGATION (Limited Tax)
CENTRAL MAINTENANCE FACILITY CONSTRUCTION NOTES, SERIES 2025

Dated: December 17, 2025

Due: December 17, 2026

The Notes. The Notes and the bonds in anticipation of which the Notes are issued (the Bonds) are unvoted general obligations of the City, issued to finance certain permanent improvements, as described under **The Notes – Authorization and Purpose**. Principal and interest on the Notes, unless paid from other sources, are to be paid from the proceeds of the City's levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio law. Unless paid from other sources, principal of and interest on the Notes are to be paid from the proceeds of the Bonds or renewal notes issued in anticipation of the Bonds and proceeds of the levy of those taxes. See **Security and Sources of Payment**.

Book-Entry Only. The Notes will be initially issued only as a single fully registered note, issuable under a book-entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Notes to the ultimate purchasers. The Notes in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Official Statement. See **Appendix E**.

Payment. Principal and interest will be payable at maturity to the registered owner (DTC) in Federal Reserve funds of the United States of America, upon presentation and surrender at the designated corporate trust office of Zions Bancorporation, National Association, without deduction for its services as the City's Note Registrar and Paying Agent. The Notes will bear interest (computed on the basis of a 360-day year consisting of 12 30-day months) at the annual rate shown below, payable at maturity.

INTEREST RATE: ____%

PRICE: ____%

CUSIP[®](a) NO.: 290641 ____

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Prior Redemption. The Notes are not subject to redemption by the City prior to maturity.

The Notes are offered when, as and if issued, and accepted by Stifel, Nicolaus & Company, Incorporated (Underwriter), subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Bond Counsel to the City. Squire Patton Boggs (US) LLP will also pass upon certain legal matters for the City as its disclosure counsel. Municipal advisory services are being provided to the City by Sudsina & Associates, LLC. The Notes are expected to be available for delivery to DTC or its agent on December 17, 2025.

STIFEL

This Official Statement has been prepared by the City in connection with its original offering for sale of the Notes. The Cover includes certain information for quick reference only. *It is not a summary of the Note issue.* Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

The date of this Official Statement is December ___, 2025, and the information herein speaks only as of that date.

* Preliminary, subject to change.

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED IN IT ARE SUBJECT TO COMPLETION AND AMENDMENT IN A FINAL OFFICIAL STATEMENT. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds offered hereby, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of that jurisdiction.

CITY OF ELYRIA, OHIO

CITY OFFICIALS

Mayor: Kevin A. Brubaker

Finance Director: Thaddeus M. Pileski, CPA, CPFA

Law Director: Amanda R. Deery, Esq.

City Council:

Brad Armstrong
Thomas G. Callahan
Jack W. Cerra
Brenda K. Davis
Andrew C. G. Lipian
Donna Mitchell
Kenny Oswald
Chad Schneider
Mary Siwierka
Victor F. Stewart III, President
Phillip Tollett

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Bond and Disclosure Counsel:

Squire Patton Boggs (US) LLP

Note Registrar and Paying Agent:

Zions Bancorporation, National Association

Municipal Advisor:

Sudsina & Associates, LLC

Underwriter:

Stifel, Nicolaus & Company, Incorporated

REGARDING THIS OFFICIAL STATEMENT

This Official Statement does not constitute an offering of any security other than the original offering of the Notes identified on the Cover (as defined herein). No dealer, broker, sales person or other person has been authorized by the City to give any information or to make any representation other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Notes by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information in this Official Statement is provided by the City in connection with the original offering of the Notes. Reliance should not be placed on any other information publicly provided, in any format including electronic, by the City for other purposes, including general information provided to the public or to portions of the public. The information in this Official Statement is subject to change without notice. Neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City since its date.

This Official Statement contains statements that the City believes may be “forward-looking statements.” Words such as “plan,” “estimate,” “project,” “budget,” “anticipate,” “expect,” “intend,” “believe” and similar terms are intended to identify forward-looking statements. The achievement of results or other expectations expressed or implied by such forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict, may be beyond the City’s control and could cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The City undertakes no obligation, and does not plan, to issue any updates or revisions to such forward-looking statements.

UPON ISSUANCE, THE NOTES WILL NOT BE REGISTERED BY THE CITY UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE AT THE REQUEST OF THE CITY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT OR APPROVED OR DISAPPROVED THE NOTES FOR SALE.

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The Ohio Municipal Advisory Council (OMAC) has requested that this paragraph be included in this Official Statement. Certain information contained in the Official Statement is attributed to OMAC. OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently

confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Official Statement to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

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Appendix D:	Proposed Text of Opinion of Bond Counsel
Appendix E:	Book-Entry System; DTC
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INTRODUCTORY STATEMENT

This Official Statement has been prepared by the City of Elyria, Ohio (the City), in connection with its original issuance and sale of the Notes identified on the Cover (the Notes). Certain information concerning the Notes, including their authorization, purpose, terms and security and sources of payment, and the City is provided in this Official Statement.

This Introductory Statement briefly describes certain information relating to the Notes and supplements certain information on the Cover. It is not intended as a substitute for the more detailed discussions in this Official Statement. Investors should read the entire Official Statement to obtain information as a basis for making informed investment judgments.

All financial and other information in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources and except for certain information on the Cover. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. See also **Regarding This Official Statement**.

This Official Statement should be considered in its entirety and no one subject should be considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents. References to provisions of Ohio law, including the Revised Code and the Ohio Constitution, and of the City's Charter (the Charter), are references to those current provisions. Those provisions may be amended, repealed or supplemented.

As used in this Official Statement:

- **"Beneficial Owner"** means the owner of a book-entry interest in the Notes, as defined in **Appendix E**.
- **"Council"** means the Council of the City.
- **"County"** means the County of Lorain, Ohio.
- **"County Auditor"** means the Auditor of the County.
- **"Cover"** means the cover page and the inside cover of this Official Statement.
- **"Debt charges"** means principal (including any mandatory redemption payments) of and interest and any redemption premium on the obligations referred to; debt charges may also be referred to as "debt service."
- **"Fiscal Year"** means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as "Fiscal Year 2024") means the Fiscal Year ending on December 31 in that year.
- **"Fiscal Year 2024 Financial Statements"** means the Basic Financial Statements from the City's Financial Report for Fiscal Year 2024 (Audited) attached as **Appendix C**.

- “**Revised Code**” means the Ohio Revised Code.
- “**State**” or “**Ohio**” means the State of Ohio.
- “**2025 State Budget Act**” means Amended Substitute House Bill No. 96, passed by the Ohio General Assembly and signed by the Governor on June 30, 2025, providing State appropriations for its 2025-2027 biennium (beginning July 1, 2025, through June 30, 2027) and enacting other statutory provisions.

The Notes are issued by the City of Elyria, Ohio. They are authorized by Chapter 133 of the Revised Code, the Charter and legislation passed by the Council. The Notes are issued in anticipation of the issuance of bonds to pay costs of various permanent improvements as described herein under **Authorization and Purpose**.

The Notes, and the Bonds in anticipation of which they are issued, are general obligations of the City, the full faith and credit and general property taxing power of which are pledged to the payment of debt charges. Unless paid from other sources, debt charges are to be paid from the proceeds of the City’s levy of ad valorem property taxes, which taxes are within the ten-mill limitation imposed by Ohio. See **Security and Sources of Payment**.

The Authorizing Legislation (see **Authorization and Purpose**) provides that the Notes will be issued in a denomination of not less than \$5,000. The Notes will be initially issued only as a single fully-registered note, issuable under a book-entry system and registered initially in the name of The Depository Trust Company, New York, New York, or its nominee (DTC). See **Certain Terms of the Notes—General; Book-Entry System and Appendix E**.

Principal and interest will be payable to the registered owner (DTC) at maturity on presentation and surrender at the designated corporate trust office of the Paying Agent. See **Paying Agent**.

The Notes are not subject to redemption prior to maturity.

The legal opinion as to the validity of the Notes and the tax-exempt status of the interest on the Notes will be rendered by Squire Patton Boggs (US) LLP (Bond Counsel). See **Legal Matters, Tax Matters and Appendix D**.

THE NOTES

AUTHORIZATION AND PURPOSE

The Notes are to be issued in anticipation of the issuance of the Bonds pursuant to Chapter 133 of the Revised Code, the Charter, an ordinance passed by the City Council and a Certificate of Award provided for by that ordinance (collectively, the Authorizing Legislation).

The Notes are being issued for the purpose of paying costs of constructing, furnishing and equipping a new central maintenance garage facility for the storage and maintenance of City-owned motor vehicles and equipment, including spaces for consumable material storage, vehicle washing, fueling facilities, decontamination, evidence storage for the City’s Police Department and office and administrative functions, and clearing, equipping and improving its site.

The proceeds of the Notes will be used to retire, together with other funds available to the City, the City’s outstanding \$21,000,000 Central Maintenance Facility Construction Notes, Series 2024, maturing on December 18, 2025 (the Outstanding Notes).

Any premium received by the City from the sale of the Notes, and not used to pay costs of issuance, or refunding the Outstanding Notes, will be deposited in the Bond Retirement Fund. Money in that Fund is used to pay debt charges on City debt obligations.

CERTAIN TERMS OF THE NOTES

General; Book-Entry System

The Notes will be dated their date of original issuance, will mature on June 25, 2026, and will bear interest (computed on the basis of a 360-day year and 12 30-day months) at the rate and be payable at the place and in the manner, all as described on the Cover.

The Paying Agent will act as the paying agent for the Notes and will keep all books and records necessary for registration, exchange and transfer of the Notes. See **Paying Agent**.

The Notes will be delivered in book-entry-only form and, when issued, registered in the name of The Depository Trust Company (DTC), New York, New York, or its nominee Cede & Co., which will act as securities depository for the Notes. For discussion of the book-entry system and DTC and the replacement of Notes in the event that the book-entry system is discontinued, see **Appendix E**.

No Prior Redemption

The Notes are not subject to redemption prior to maturity.

SECURITY AND SOURCES OF PAYMENT

The Notes and the Bonds in anticipation of which they are issued will be unvoted general obligation debt of the City payable from the sources described, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

Basic Security

The basic security for payment of the Notes and the Bonds is the requirement that the City levy ad valorem property taxes within the ten-mill limitation imposed by Ohio law to pay debt charges on the Notes. Except to the extent they are paid from other sources, State law requires the City to levy and collect those property taxes annual to pay (i) debt charges on the Bonds as they become due, and (ii) debt charges on the Notes in an amount not less than would have been payable on the Bonds had the Bonds been issued without the prior issuance of the Notes. The State constitution specifically prohibits a subdivision such as the City from incurring general obligation indebtedness unless the authorizing legislation makes provision “for levying and collecting annually by taxation an amount sufficient to pay” the debt charges on the bonds. (Ohio Constitution Article XII Section 11.)

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The Ohio Supreme Court has stated:

“Section 11 of Article XII of the Constitution of Ohio imposes a mandatory duty upon the State and its political subdivisions to pay the interest and principal of their indebtedness before provisions are to be made for current operating expenses.” *State ex rel. Nat’l City Bank v. Bd. of Ed. of the Cleveland City School District*, 52 Ohio St. 2d 81, 85 (1977).

Under State law, the levy for debt charges on unvoted general obligations of the City is to be placed before and in preference to all other levies and for the full amount of those debt charges. In the case of bond anticipation notes (BANs), such as the Notes, that levy is to be in an amount not less than that which would have been levied had the bonds anticipated been issued without the prior issuance of the BANs. Accordingly, an annual levy for principal of BANs could be less than the full amount of that principal coming due at the maturity of the BANs. See the further discussions under **Ad Valorem Property Taxes and Special Assessments and City Debt and Other Long-Term Obligations**.

Ohio law requires the City to levy and collect that property tax to pay debt charges on the Notes as they come due, unless and to the extent those debt charges are paid from other sources, such as described below.

The Authorizing Legislation provides further security by making a pledge of the full faith and credit and the general property taxing power of the City for the payment of debt charges on the Notes and the Bonds as they come due. All funds of the City are included in that pledge, except those specifically limited to another use or prohibited from that use by the Ohio Constitution, or Ohio or federal law, or revenue bond trust agreements. Those exceptions as to the principal amount of the Notes and the Bonds include, tax levies voted for specific purposes or expressly pledged to certain obligations, special assessments pledged to particular bonds or notes, and certain utility revenues and highway use receipts (limited by the Ohio Constitution to highway-related purposes). A similar pledge is made in each ordinance authorizing voted or unvoted general obligation debt.

The ability of the City to retire the Notes from the proceeds of the sale of either bonds or renewal notes will be dependent upon the marketability of those obligations under market conditions prevailing at the time of that sale. Under existing laws applicable to the City, there is no statutory maximum interest rate for the Notes or renewal bond anticipation notes.

Additional Sources of Payment

As contemplated in the Authorizing Legislation, the City expects that the debt charges on the Bonds will in fact be paid, to the extent available, from revenue of the City’s income tax. See **Municipal Income Tax**.

Enforcement of Rights and Remedies

In addition to the right of individual noteholders to sue upon their particular Notes, Ohio law authorizes the holders of not less than 10% in principal amount of the outstanding Notes, whether or not then due and payable or reduced to judgment, to bring mandamus or other actions to enforce all contractual or other rights of the noteholders, including the right to require the City to assess, levy, charge, collect and apply the unvoted property taxes and other pledged receipts to pay debt charges, and to perform its duties under law. Those noteholders may, in the case of any default in payment of debt charges to bring action to require the City to account as if it were the

trustee of an express trust for the holders or to enjoin any acts that may be unlawful or in violation of noteholder rights. See also **Appendix E**.

The State has pledged to and agreed with holders of securities such as the Notes that

“...the state will not, by enacting any law or adopting any rule, repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the power or duty of a subdivision to exercise, perform, carry out, and fulfill its responsibilities or covenants under this chapter [Chapter 133, the State’s Uniform Public Securities Law] or legislation or agreements as to its Chapter 133. securities, including a credit enhancement facility, passed or entered into pursuant to this chapter, or repeal, revoke, repudiate, limit, alter, stay, suspend, or otherwise reduce, rescind, or impair the rights and remedies of any such holders fully to enforce such responsibilities, covenants, and agreements or to enforce the pledge and agreement of the State contained in this division, or otherwise exercise any sovereign power materially impairing or materially inconsistent with the provisions of such legislation, covenants, and agreements.” (Section 133.25(D) of the Revised Code.)

Bankruptcy

Federal and State laws provide procedures for the adjustment of indebtedness of political subdivisions, such as the City. Chapter 9 of the U.S. Bankruptcy Code would permit the City to make such an adjustment if (i) it were “insolvent” (i.e., the City was not paying its debt charges as they came due or it was unable to pay those debt charges as they became due), (ii) it met certain other criteria (e.g., having negotiated in good faith with its creditors and failed to reach agreement or such negotiation was impractical because of time restrictions, the number of creditors or other reasons) and (iii) it were authorized under State law (by legislation or by a governmental officer) to seek relief under Chapter 9. The State’s Uniform Public Securities Law provides that the City or any other subdivision must obtain the approval of the State Tax Commissioner in order to file a bankruptcy petition stating that it is insolvent and “that it desires to effect a plan for the composition or adjustment of its debts and to take such further proceedings” under the Bankruptcy Code. That law also states:

“No taxing subdivision shall be permitted, in availing itself of such acts of congress [the Bankruptcy Code], to scale down, cut down, or reduce the principal sum of its securities, except that interest thereon may be reduced in whole or in part.” (Section 133.36 of the Revised Code.)

The County may also initiate proceedings under the Bankruptcy Code. Because it collects, distributes or otherwise provides revenues to the City, the City’s financial condition could be affected by such an action.

Refunding

State law authorizes the refunding of all or a portion of the Notes. If the City places in escrow either money or direct obligations of, or obligations guaranteed as to payment by, the United States, or a combination of both, that with investment income thereon will be sufficient for the payment of debt charges on the refunded Notes, those Notes will no longer be considered to be outstanding. They will also not be considered in determining any direct or indirect limitation on City indebtedness, and the levy of taxes to pay debt charges on them will not be required. For this purpose, direct obligations of or obligations guaranteed by the United States include rights to

receive payments or portions of payments of the principal of or interest or other investment income on (i) those U.S. obligations and (ii) other obligations fully secured as to payment by those U.S. obligations and the interest or other investment income on those obligations.

LITIGATION

To the knowledge of the appropriate City officials, no litigation or administrative action or proceeding is pending restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Notes, or the levy and collection of taxes to pay the debt charges on the Notes, or contesting or questioning the proceedings and authority under which the Notes have been authorized and are to be issued, sold, signed or delivered, or the validity of the Notes. No petitions for referendum with respect to the Authorizing Legislation or any other measure authorizing the payment of or security for the Notes, or the carrying out of the government purposes to which the Note proceeds are to be applied, and no petitions seeking to initiate any measure affecting the same or the proceedings therefor, have been filed. The City will deliver to the Underwriter a certificate to that effect at the time of original delivery of the Notes to the Underwriter.

The City is a party to various legal proceedings seeking damages or injunctive or other relief and generally incidental to its operations. These proceedings are unrelated to the Notes or the security for the Bonds, or the permanent improvements being financed. The ultimate disposition of these proceedings is not now determinable, but will not, in the opinion of the Law Director, have a material adverse effect on the Notes, the security for the Notes, or those improvements or the City's operating revenues.

Under current Ohio law, City money, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the City.

See also **City Facilities; Insurance.**

Chestnut Commons Connector Project

On August 9, 2021, DBR Commercial Realty, LLC (DBR) brought an action in the Lorain County Court of Common Pleas against the City alleging breaches of the December 2, 2019 Development Agreement related to the design of the storm water management improvements implemented by the City on the development property. On May 24, 2023, the City and DBR entered into the Agreement for Continuation of Project and Partial Dismissal of Litigation (the Continuation Agreement). As a result of the Continuation Agreement, DBR dismissed its claims with prejudice except for a claim for compensation due to the taking of approximately five acres of real property that were used for storm water retention ponds relating to the storm water management improvements. That claim eventually was dismissed without prejudice. In addition, under the Continuation Agreement, the City agreed to design and implement additional storm water management improvements on the development property. On January 27, 2025, DBR brought another action against the City in the Lorain County Court of Common Pleas, Case No., 25CV215128. In this action, DBR refiled its claim relating to the taking of the real property for the retention ponds. It also brought claims alleging breaches of the Continuation Agreement. On February 27, 2025, the City brought a counterclaim seeking a declaration that DBR breached the Continuation Agreement. On or about September 10, 2025, the parties entered into an Amendment to the Development Agreement that is the subject of the Continuation Agreement. As a result, the parties filed a joint motion to stay the Action, which the Court granted. Under the September 10, 2025 Amendment to the Development Agreement, DBR must dismiss the Action once the City meets its obligations in support of Lorain County's issuance of certain bonds related to DBR's development of the property. The Court is conducting a telephonic status conference on December 16, 2025.

LEGAL MATTERS

Certain legal matters incident to the issuance of the Notes and with regard to the tax-exempt status of the interest on the Notes (see **Tax Matters**) are subject to the opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the City. The signed legal opinion of Bond Counsel, substantially in the form attached hereto as **Appendix D**, dated and premised on law in effect on the date of issuance of the Notes, will be delivered on the date of issuance of the Notes. The text of the opinion to be delivered may vary from the text as set forth in **Appendix D** if necessary to reflect facts and law on the date of issuance. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Squire Patton Boggs (US) LLP, in its capacity as Bond Counsel, has drafted those portions of this Official Statement under the captions **Certain Terms of the Notes** (excluding certain information concerning the book-entry system there and in **Appendix E**), **Security and Sources of Payment** and **Tax Matters**.

Squire Patton Boggs (US) LLP, both in its capacity as Bond Counsel and Disclosure Counsel to the City, and others, including the Municipal Advisor, have assisted the City with its preparation of certain other portions of this Official Statement and participated with responsible City officials and staff in telephone conferences where other statements and information contained in this Official Statement were reviewed for accuracy and completeness. Bond Counsel and Disclosure Counsel and those other parties, however, have not been engaged to, and will not, independently confirm or verify such statements or information or any other statements or information provided by the City or others, and will not be responsible for the accuracy, completeness or fairness of any such statements or information or any other reports, financial information, offering or disclosure documents or other information pertaining to the Notes that may be prepared or made available by the City or others to potential or actual purchasers of the Notes, to owners of the Notes, including Beneficial Owners, or to others.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Notes express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinions or advice are rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion or letter guarantee the outcome of any legal dispute that may arise out of the transaction.

In addition to rendering its opinion, Squire Patton Boggs (US) LLP will assist in the preparation of and advise the City concerning documents for the bond transcript. The City has also retained the legal services of that law firm from time to time as special counsel in connection with matters that do not relate to City financings. Squire Patton Boggs (US) LLP also serves and has served as bond counsel for one or more of the political subdivisions that the City territorially overlaps.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the Code), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Notes are exempt

from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the Notes.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the City contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Notes are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the City's certifications and representations or the continuing compliance with the City's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (IRS) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the City may cause loss of such status and result in the interest on the Notes being included in gross income for federal income tax purposes retroactively to the date of issuance of the Notes. The City has covenanted to take the actions required of it for the interest on the Notes to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the Notes, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the Notes or the market value of the Notes.

Interest on the Notes may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Notes. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If a Note owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the City as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Prospective purchasers of the Notes upon their original issuance at prices other than the respective prices indicated on the Cover, and prospective purchasers of the Notes at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest or other income on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Notes should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of holders to sell their Notes in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Notes (Discount Notes) may be offered and sold to the public at an original issue discount (OID). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of a Discount Note. The issue price of a Discount Note is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Notes of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Note over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Note

(i) is interest excluded from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Notes, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Note. A purchaser of a Discount Note in the initial public offering at the issue price (described above) for that Discount Note who holds that Discount Note to maturity will realize no gain or loss upon the retirement of that Discount Note.

Certain of the Notes (Premium Notes) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, note premium is amortized over the period to maturity of a Premium Note, based on the yield to maturity of that Premium Note (or, in the case of a Premium Note callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Note), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Note. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Note, the owner's tax basis in the Premium Note is reduced by the amount of note premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Note for an amount equal to or less than the amount paid by the owner for that Premium Note. A purchaser of a Premium Note in the initial public offering who holds that Premium Note to maturity (or, in the case of a callable Premium Note, to its earlier call date that results in the lowest yield on that Premium Note) will realize no gain or loss upon the retirement of that Premium Note.

Owners of Discount and Premium Notes should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or note premium, the determination for federal income tax purposes of the amount of OID or note premium properly accruable or amortizable in any period with respect to the Discount or Premium Notes, other federal tax consequences in respect of OID and note premium, and the treatment of OID and note premium for purposes of state and local taxes on, or based on, income.

ELIGIBILITY FOR INVESTMENT AND AS PUBLIC MONEY SECURITY

To the extent that the matter as to the particular investor is governed by Ohio law, and subject to any applicable limitations under other provisions of Ohio law, the Notes are lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies (including domestic for life and domestic not for life), trustees or other officers having charge of sinking and bond retirement or other funds of the State and State subdivisions and taxing districts, the Commissioners of the Sinking Fund, the Administrator of Workers' Compensation, and State retirement systems (Teachers, Public Employees, Public School Employees, and Police and Fire), notwithstanding any other provisions of the Revised Code or rules adopted pursuant to those provisions by any State agency with respect to investments by them.

The Notes are acceptable under Ohio law as security for the repayment of the deposit of public money.

Beneficial Owners of the Notes should make their own determination as to such matters as legality of investment in or pledgability of book-entry interests.

RATING

The Notes have been rated “SP-1+” by S&P Global Ratings. The rating assigned is shown on the Cover. No application for a rating has been made by the City to any other rating service.

The rating reflects only the views of the rating service, and any explanation of the meaning or significance of the rating may only be obtained from the rating service. The City furnished to the rating service certain information and materials, some of which may not have been included in this Official Statement, relating to the Notes and the City. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market value of the Notes.

The City expects to furnish the rating service with information and materials that may be requested. The City, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Notes.

UNDERWRITING

The Notes are being purchased by Stifel, Nicolaus & Company, Incorporated (the Underwriter) at a price of \$_____. The aggregate initial offering price of the Notes is \$_____; therefore, the gross underwriting spread is \$_____. In its Note Purchase Agreement with the City, the Underwriter has agreed to retain a portion of the purchase price to pay certain costs of the issuance of the Notes (\$_____).

The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the public offering price. The public offering price set forth on the cover pages may be changed after the initial offering by the Underwriter. The purchase of the Notes by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all of the Notes, if any are purchased.

The Underwriter has provided the information in this Official Statement pertaining to the Offering Price and to the offering of the Notes in the seventh paragraph of **Regarding This Official Statement**. As noted in that paragraph, the Underwriter may offer and sell the Notes to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the Offering Price. The Offering Price may be changed after the initial offering by the Underwriter. The purchase of the Notes by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all of the Notes, if any are purchased.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other

financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

TRANSCRIPT AND CLOSING CERTIFICATES

A complete transcript of proceedings and a certificate (described under **Litigation**) relating to litigation will be delivered by the City when the Notes are delivered by the City to the Underwriter. The City at that time will also provide to the Underwriter a certificate, signed by the City officials who sign this Official Statement and addressed to the Underwriter, relating to the accuracy and completeness of this Official Statement and to its being a “final official statement” in the judgment of the City for purposes of SEC Rule 15c2-12(b)(3).

CONTINUING DISCLOSURE AGREEMENT

The City has agreed, for the benefit of the holders and Beneficial Owners from time to time of the Notes, in accordance with SEC Rule 15c2-12 (the Rule), to provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the Continuing Disclosure Agreement). See **Appendix F** for the proposed form of the Continuing Disclosure Agreement. The foregoing information, data and notices can be obtained from:

Thaddeus M. Pileski
Finance Director
City of Elyria, Ohio
131 Court Street
Elyria, Ohio 44035
Telephone: (440) 326-1530
E-mail: tpileski@cityofelyria.org

The performance by the City of the Continuing Disclosure Agreement will be subject to the annual appropriation by the City of any funds that may be necessary to perform it. The Continuing Disclosure Agreement will remain in effect only for such period that the Notes are outstanding in accordance with their terms and the City remains an obligated person with respect to the Notes within the meaning of the Rule.

The City has previously made other continuing disclosure agreements for purposes of the Rule with respect to certain of its securities issued since July 1995. The Finance Director is the designated person within the City charged with ensuring the City’s compliance with its continuing disclosure agreements. The City engages Disclosure Counsel on an annual basis to assist it in meeting the requirements of its continuing disclosure agreements.

The City believes that, within the last five years, it has complied in all material respects with its prior continuing disclosure agreements.

MUNICIPAL ADVISOR

The City has retained Sudsina & Associates, LLC (the Municipal Advisor), to provide financial advice in connection with the City's issuance of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PAYING AGENT

Zions Bancorporation, National Association, will act as note registrar, paying agent, transfer agent and authenticating agent for the Notes (the Paying Agent). The Paying Agent will keep all books and records necessary for registration, exchange and transfer of the Notes, in accordance with the terms of agreements between it and the City. The Paying Agent is a national banking association. It has designated its Pittsburgh, Pennsylvania corporate trust office in connection with the Notes.

The Paying Agent acts in a similar capacity in connection with other bonds of the City.

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THE CITY

GENERAL INFORMATION

The City is located in (and is the County seat of) Lorain County in northeastern Ohio, on the Black River, approximately 10 miles south of Lake Erie and approximately 23 miles southwest of the City of Cleveland. It was incorporated as a city in 1833.

In the 2020 Census classifications, the City was placed in the Cleveland-Elyria Metropolitan Statistical Area (MSA), comprised of Cuyahoga, Lorain, Medina, Geauga and Lake Counties. The City was also in the Cleveland-Akron-Lorain Consolidated Statistical Area (CSA).

The City's 2023 estimated population was 52,833. See **Economic and Demographic Information – Population**.

The City's area is approximately 20 square miles. Land use, as measured by the assessed value of real property, is presented in the following table.

	Percent of Assessed Valuation of Real Property
Residential	69.3%
Commercial/Industrial	25.2
Public Utility	5.4
Agricultural	0.1
Undeveloped	(a)

(a) Included in above categories.

Source: County Auditor.

The City's general area is served by diversified transportation facilities, including 14 State and U.S. highways and I-80 (James W. Shocknessy Ohio Turnpike), I-90 and I-480. It is served by Amtrak for daily passenger service and by CSX and Norfolk Southern Railroad for freight service. It is served by air freight and air passenger services at Cleveland Hopkins International Airport and Burke Lakefront Airport located in adjacent Cuyahoga County and also by the Lorain County Regional Airport located near the City.

Banking and financial services are provided to the City area by offices of several regional commercial banks and one bank with its principal office outside the City but within the County.

One daily newspaper is published in the City. The City is within the broadcast area of numerous television stations and AM and FM radio stations. Multi-channel cable TV service, including educational, governmental and public access channels, is provided by Time Warner Cable.

Lorain County Community College (LCCC), a fully accredited two-year college, is located in the City; LCCC has entered into arrangements with certain other colleges and universities pursuant to which its students can earn four-year degrees. Also, within commuting distance, are several public and private two-year and four-year colleges and universities, including Kent State University, The University of Akron and Cleveland State University (three of Ohio's 12 state universities), Cuyahoga Community College, Oberlin College in the nearby City of Oberlin, Baldwin Wallace University in the nearby City of Berea, Bowling Green State University's Firelands Campus in the nearby City of Huron, and Case Western Reserve University in the City of Cleveland.

There is one hospital, University Hospitals Elyria Medical Center, located in the City. See **Commercial, Industrial and Economic Development – Commercial Development**.

The City operates numerous parks and recreational facilities totaling over 350 acres. The facilities include playgrounds, tennis courts, basketball courts, baseball diamonds, soccer fields, picnic areas, concession stands, hiking and fitness trails, four swimming pools and an ice skating rink. The City's Recreation Department sponsors many activities for youths as well as adults including basketball leagues, softball leagues, volleyball leagues, instruction in golf, dance, watercize, watercolor, aerobics and tennis, and various clinics including cheerleading, soccer and tennis.

More detailed economic information concerning the City is presented under **Economic and Demographic Information**.

City Government

The City operates under and is governed by its Charter, first adopted by the voters in 1965 and which has been and may be amended by the voters from time to time. The City is also subject to some general laws applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to the extent not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government.

Legislative authority is vested in an 11-member Council, of whom four are elected at-large and seven are elected from wards, for two-year terms. The Council fixes compensation of City officials and employees, and enacts ordinances and resolutions relating to the City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal purposes. The presiding officer is the President of Council, who is a member of Council and is elected by the members of Council to that office for a two-year term.

The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The other elected officials are the City Finance Director (the Finance Director) and the City Law Director, each elected to a four-year term.

The Mayor appoints, subject to the approval of Council, the directors of City departments, including the Safety-Service Director and City Engineer. The Mayor also appoints members to a number of boards and commissions, and appoints and removes, in accordance with the Charter and civil service requirements, all appointed officers and employees, except Council officers and other elected officials' employees.

The Mayor may veto any legislation passed by the Council. A veto may be overridden by a two-thirds vote of all members of the Council.

All elected officials, except the Mayor, the Finance Director and the Law Director, serve part-time. The current elected officials, and some of the major appointed officials, are:

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ELECTED

	Name	Years in Office	Vocation in Private Life
Mayor ^(a)	Kevin A. Brubaker	1	Full-Time Position
Finance Director ^(a)	Thaddeus M. Pileski ^(b)	32	Full-Time Position
Law Director ^(a)	Amanda R. Deery	5	Attorney
Members of Council ^(c)	Brad Armstrong ^(d)	1	Independent Contractor
	Thomas G. Callahan ^(e)	19	Retired
	Jack W. Cerra ^(d)	11	Auto Repair Service
	Brenda K. Davis ^(d)	13	Retired
	Andrew C. G. Lipian ^(d)	3	Village Administrator
	Donna Mitchell ^(d)	17	Retired
	Kenny Oswald ^(d)	5	Retired
	Chad Schneider ^(d)	3	Real Estate Agent
	Mary Siwierka ^(e)	1	Retired
	Victor F. Stewart III ^{(e)(f)}	19	Surveyor
	Phillip Tollett ^(d)	5	Manager, Food Service Industry

(a) Term expires December 31, 2027.

(b) Mr. Pileski served as Chief Deputy Auditor from 1990 to 1993 and as Deputy Auditor from 1985 to 1990; he is also a Certified Public Accountant.

(c) All terms of the members of Council expire on December 31, 2025.

(d) Preliminary results indicate that Mr. Armstrong, Mr. Cerra, Ms. Davis, Mr. Lipian, Ms. Mitchell, Mr. Oswald, Mr. Schnieder and Mr. Tollett were each elected to an additional term at the election held on November 4, 2025.

(e) Mr. Callahan, Ms. Siwierka and Mr. Stewart did not seek an additional term at the election to be held on November 4, 2025. Preliminary results indicate that Ms. Gina Rothgery and Mr. Matthew Van Wormer were each elected to an initial term at the election held on November 4, 2025, replacing Mr. Callahan and Mr. Stewart, and Mr. Edward Doehne was elected to an initial term at the election held on November 4, 2025, replacing Ms. Siwierka.

(f) President of Council.

APPOINTED

	Name	Years in Position	Years Service with the City	Vocation in Private Life
Safety-Service Director	Chris Pyanowski	1	1	Full-Time Position
City Engineer	John Schneider	6	23	Full-Time Position

Employees

The City had 474 full-time employees and 106 part-time employees as of December 31, 2024; these figures represent increases of 77 full-time employees and 30 part-time employees when compared to December 31, 2023 figures. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining. Full-time employees are represented by the following bargaining units:

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Bargaining Unit	Agreement Termination	Employees
International Association of Firefighters (IAF)	12/31/2027	70
Fraternal Order of Police (FOP)	12/31/2027	22
Elyria Police Patrolmen's Association (EPPA)	12/31/2027	59
Ohio Patrolmen's Benevolent Association	06/30/2028	12
AFSCME	12/31/2027	182

The remaining full-time City employees either are not authorized to join a bargaining unit or have not elected to do so.

The Council, by ordinance, establishes salaries, wages and other economic benefits for City employees, the terms of which generally are the products of negotiations with representatives of the employees or bargaining unit.

In the City's judgment, its employee relations have been and are good.

Retirement Expenses

Present and retired employees of the City are covered under two statewide public employee retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund (OP&F) covers uniformed members of the police and fire departments. All other eligible City employees are covered by the Ohio Public Employees Retirement System (OPERS).

OPERS and OP&F are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. In 2012, the General Assembly passed five separate pension reform measures intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. The reform legislation passed with respect to OPERS and OP&F provided for (i) no change in the City contribution rates with respect to its employees' earnable salaries, (ii) no change in OPERS employee contribution rate, and (iii) an increase in the OP&F employee contribution rate from 10% to 12.25% in annual increments of 0.75% that began on July 2, 2013. With certain transition provisions applicable to certain current employees, the reform legislation has, among other changes, increased minimum age and service requirements for retirement and disability benefits, revised the calculation of an employee's final average salary on which pension benefits are based to include the five highest years (rather than the three highest years), provided for OPERS pension benefits to be calculated on a lower, fixed formula, changed provisions with respect to future cost-of-living adjustments to limit those adjustments to the lesser of any increase in the Consumer Price Index or three percent. The OP&F reform legislation also authorizes the OP&F board to further adjust member contribution rates or further adjust age and service requirements after November 1, 2017, if, after an actuarial investigation, the board determines that an adjustment is appropriate.

For further information on these pension plans and for Fiscal Year 2024 reporting with respect to employer pensions, see the Notes to the Fiscal Year 2024 Financial Statements. Financial and other information for OPERS and OP&F can also be found on the respective website for each retirement system including its Annual Comprehensive Financial Report.

As of December 31, 2023, the City had the net pension liability reported and explained in the Notes to the Fiscal Year 2024 Financial Statements.

City employees covered by OPERS contribute at a statutory rate of 10.0% of earnable salary. As the employer, the City's statutory contribution rate for those employees is 14.0% of the same base. City employees covered by OP&F contributed at a statutory rate of 12.25% of earnable salary. As the employer, the City's statutory contribution rates, applied to the same base, are 19.5% for police personnel and 24.0% for fire personnel. These employee and employer contribution rates have been and are now the maximums permitted under current State law.

The City's current employer contributions to OPERS and OP&F, and the payments toward the accrued OP&F liability, have been treated as current expenses and included in the City's operating expenditures, except to the extent paid from the proceeds of the "Police and Fire Pension" levy referred to under **Tax Rates**.

Federal law requires City employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, City employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS and OP&F are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

Health Care

The City has established an internal service fund called the Employees' Health Insurance Fund to account for the operations of the City's self-insured health plan and in connection therewith has obtained stop-loss insurance coverage to insure against catastrophic claims over \$125,000 per individual. In 2024, the City's Employees' Health Insurance Fund had total operating revenues and investment income of \$8,910,898, total operating expenses of \$10,061,146, and at the end of that year had a net position balance of \$(234,558). This negative net position balance is a direct result of increasing healthcare costs. As a result, the City's Health Insurance Committee approved a 5% increase to the rates paid by the City and the employees to the Health Insurance Plan effective January 1, 2025, and another increase of 15% for both the City and the employees effective April 2025. Future meetings of the Health Insurance Committee are expected to include changes to the plan itself.

City Facilities; Insurance

City-owned facilities and various types of equipment for which property insurance coverage is maintained include the following:

Facility	Estimated Insurance Value
Wastewater Treatment Plant and Related Facilities	\$105,738,000
Water Treatment Plant and Related Facilities	31,930,000
Recreational Facilities	26,912,367
Other Municipal Facilities	90,445,267
EDP Equipment and Contractors' Equipment	<u>6,173,000</u>
Total	<u>\$261,198,634</u>

Equipment Breakdown coverage is also maintained on all City buildings with the property damage limits of \$150,000,000 subject to a \$2,500 deductible

Property insurance coverage is not maintained for certain city facilities of types that are not typically insured by municipalities including water and sewer lines.

The City also maintains various liability insurance and other coverages which consist of Automobile Liability, Law Enforcement Liability, Public Entity Management Liability, and Employment Practices Liability each at \$10,000,000 per occurrence and General Liability at \$11,000,000. Deductibles are typically \$25,000 per occurrence. The City also carries Cyber Liability at a \$1,000,000 limit and Employee Dishonesty plus other theft at a \$1,000,000 limit with deductibles at \$25,000 and \$5,000 respectively.

Workers' Compensation Fund

Since January 1, 1998, the City has participated in the fully insured plan offered by the State Bureau of Workers' Compensation. In 2024, the City's Workers' Compensation Fund had operating revenues, refunds from the Ohio Bureau of Workers' Compensation and investment earnings of \$679,009, total operating expenses of \$552,870, and at the end of that year had a net position balance of \$5,178,463.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, Systems Technology). As a recipient and provider of personal, private, or sensitive information, the City may be the target of cybersecurity incidents that could result in adverse consequences to the City and its Systems Technology, requiring action to mitigate the consequences. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the City's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

To mitigate the risk of operations impact and/or damage from cybersecurity incidents or cyberattacks, the City invests in multiple forms of cybersecurity and operational safeguards. Although City cybersecurity and operational safeguards are periodically tested, no assurances can be given by the City that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the City's Systems Technology and cause material disruption to the City's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial and may exceed applicable insurance coverages. Furthermore, cybersecurity breaches could expose the City to material litigation and other legal risks, which could cause the City to incur material costs.

The City has not experienced a material cybersecurity incident within the past five years.

The 2025 State Budget Act requires municipalities to adopt a cybersecurity program by July 1, 2026. The cybersecurity program, at a minimum, should include annual cybersecurity training for employees, a cyber incident response plan and practices to assess and remediate cyber risks. In addition, beginning September 30, 2025, in the event of a cybersecurity or ransomware incident, a municipality must notify the Ohio Homeland Security's Cyber Integration Center within seven days, and the Auditor of State within 30 days, of discovery of the incident. In addition, payment or compliance with ransomware demands is prohibited unless the council first adopts a resolution approving the action and stating why payment or compliance is in the municipality's best interest.

Economic and Demographic Information

Population

Recent Census population has been:

Year	City(a)	County(a)	MSA
1970	53,427	256,843	2,418,809(b)
1980	57,538	274,909	2,277,949(b)
1990	56,746	271,126	2,202,069(b)
2000	55,953	284,664	2,250,871(b)
2010	54,533	301,356	2,077,240(c)
2020	53,844	309,134	2,088,251(c)
2023(est.)	52,833	314,588	2,158,932(c)

(a) OMAC and U.S. Census Bureau.

(b) Numbers are for the prior Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA), which included the Counties of Ashtabula, Cuyahoga, Geauga, Lake, Lorain and Medina. In 2003, the PMSA was reclassified as an MSA excluding Ashtabula County. Comparable historical Census numbers for the new MSA are not available.

(c) Population figures represent the current MSA.

2023 Census figures show the following breakdown by age groups of the population of the City:

Under 5	5-14	15-19	20-24	25-44	45-54	55-59	60-64	65+	Total
3,148	5,945	3,476	3,543	14,308	6,241	3,296	3,567	9,309	52,833

Educational attainment for the City, the County and the MSA's population (25 years or older) is set forth in the following table.

	City		County		MSA	
Less than 9th Grade	1,070	2.9%	4,000	1.8%	37,605	2.6%
9th to 12th Grade (no diploma)	3,433	9.3	13,086	5.8	85,512	5.8
High School graduate (includes GED)	12,837	35.0	66,245	29.6	418,314	28.4
Some college, no degree	8,753	23.8	51,642	23.1	306,454	20.8
Associate degree	4,535	12.3	23,152	10.3	128,056	8.7
Bachelor degree	3,788	10.3	38,324	17.1	297,569	20.2
Graduate or professional degree	2,305	6.3	27,559	12.3	197,309	13.4

Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

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Employment and Income

The following table shows comparative employment and unemployment statistics for the indicated periods.

Year(a)	Employed in			Unemployment Rate				
	City	County	MSA	City	County	MSA	State(a)	U.S.(a)
2019	24,900	146,500	1,024,600	4.7%	4.4%	4.1%	4.2%	3.7%
2020	22,300	132,200	920,500	11.5	10.1	9.7	8.2	8.1
2021	23,500	138,900	956,500	6.4	5.8	5.7	5.1	5.3
2022	24,200	143,900	975,800	5.1	5.0	4.7	4.0	3.6
2023	24,800	147,900	999,200	4.0	3.9	3.7	3.5	3.6
2024	25,200	149,800	1,058,000	4.1	4.0	3.8	4.3	4.0
2025								
Jan.	24,600	146,700	1,036,600	5.3	5.0	4.6	5.3	4.0
Feb.	24,700	147,200	1,040,500	5.8	5.5	5.0	5.4	4.5
Mar.	25,100	149,300	1,054,800	4.8	4.5	4.2	5.2	4.2
Apr.	25,100	149,200	1,054,000	4.8	4.6	4.4	4.9	4.2
May	24,700	147,200	1,039,200	5.1	4.9	4.8	4.7	4.2
June	25,800	153,400	1,082,700	5.4	5.1	4.9	5.1	4.1
July	26,000	155,100	1,094,700	5.7	5.4	5.2	5.5	4.2
Aug.	25,900	154,000	1,086,700	4.2	4.0	3.8	4.9	4.3

(a) Not seasonally adjusted.

Source: Ohio Department of Job and Family Services – Bureau of Labor Market Information.

Most City residents work outside the City. The following employers (private and public) have the largest work forces within the City (as of January 1, 2024):

Employer	Nature of Activity or Business	Approximate Number of Employees(a)
University Hospitals Health System	Healthcare	1,962
Lorain County	County Government	1,773
Lorain County Community College	Education	1,366
Elyria City School District	Education	712
City of Elyria	Municipal Government	580
Ridge Tool	Tool Manufacturer	505
Parker Hannifin Corporation	Aerospace Industry	371
Diamond Products	Drilling and Coring Equipment	299
Hydroaire Aerospace Corporation	Aerospace Industry	204
The Cleveland Clinic Foundation	Healthcare	191

Source: The City.

(a) Includes seasonal employees and volunteers.

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The 2023 median family and household incomes, as reported by the Census Bureau in its “2019-2023 American Community Survey 5-Year Estimates,” are set forth in the following table.

	2023 Median Income	
	Family	Household
City	\$67,141	\$53,204
County	98,048	75,461
MSA	90,488	66,481
State	86,508	66,990
United States	92,646	75,149

According to the Ohio Department of Taxation, the average federal adjusted gross income for residents within the Elyria City School District filing Ohio personal income tax returns for calendar year 2022 (the most recent information available) was \$50,413, compared to the averages of \$112,498 for all Ohio school districts (for all tax returns filed, the 2022 State average for tax returns that indicated school districts was \$78,768) and \$77,500 for all school districts in the County.

The income per household in the City, County and MSA is estimated to be distributed as set forth in the following table.

Income and Benefits(a)	City		County		MSA	
Less than \$10,000	1,799	7.8%	5,194	4.0%	52,031	5.9%
\$10,000 to \$14,999	1,147	5.0	4,585	3.6	41,819	4.7
\$15,000 to \$24,999	2,337	10.2	8,446	6.6	69,640	7.9
\$25,000 to \$34,999	1,950	8.5	9,091	7.1	72,726	8.2
\$35,000 to \$49,999	3,684	16.0	15,102	11.7	103,147	11.7
\$50,000 to \$74,999	4,294	18.7	21,494	16.7	149,667	16.9
\$75,000 to \$99,999	3,280	14.3	17,033	13.2	112,278	12.7
\$100,000 to \$149,999	2,762	12.0	24,714	19.2	140,290	15.9
\$150,000 to \$199,999	1,087	4.7	10,926	8.5	66,342	7.5
\$200,000 or more	676	2.9	12,302	9.5	75,733	8.6

(a) In 2023 inflation-adjusted dollars.

Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

The U.S. Census Bureau also estimates that 17.5% of people in the City, 10.6% of people in the County, and 13.6% of the people in the MSA have incomes that fall below the poverty level.

Housing and Building Permits

The following is U.S. Census Bureau information concerning housing in the City, with comparative County and State statistics.

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	2023 Median Value of Owner-Occupied Homes(a)	% Constructed Prior to 1940(a)	Number of Housing Units		% Change
			2010(b)	2023(a)	
City	\$142,800	19.4%	24,919	25,383	+1.8%
County	223,800	12.4	125,546	137,570	+8.7
State	183,300	19.3	5,127,508	5,251,209	+2.4

(a) Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

(b) Source: U.S. Census Bureau American Fact-Finder 2010 Census Redistricting Data (Public Law 94-171) Summary File.

County Fiscal Officer's figures for average sale prices of residential property in the County and the City are shown in the following table.

Year	County	City
2019	\$124,391	\$195,000
2020	166,600	181,000
2021	199,500	195,000
2022	207,900	201,836
2023	209,400	202,518

Utilities; Public Safety and Services

Water service within the City is provided by the City water system. Sewage collection and disposal is provided by the City sewer system. The City provides electricity and natural gas through the Northeast Ohio Public Energy Council (NOPEC), which is comprised of 100 member communities, large and small, spread across eight northeast Ohio counties. Voters in each of these communities approved the formation of NOPEC in November 2000, by approving ordinances that authorize their local government to aggregate all utility customers within the community. The individual utility customers that NOPEC represents enjoy the advantages of bulk buying of power and gas, professional expertise, and consumer advocacy on their behalf. The distribution of electricity is through facilities owned and maintained by Ohio Edison Company. The distribution of natural gas is through facilities owned by Columbia Gas of Ohio, Inc.

Residential solid waste collection is provided by the City with nonrecyclable waste sent to a landfill located in the County and operated by a private entity. Recyclables are sent to a recycling center in the County operated by a private entity. Commercial and industrial solid waste collection is the responsibility of each of those businesses which contract directly with private waste haulers for such service.

Commercial, Industrial and Economic Development

The City's tax base is diverse and positioned to grow. Recent tax issues passed by the City, Elyria Public Library and Elyria City School District are helping to fuel a renaissance – together with federal, State and local grants, business investment, and important community partnerships.

The City's economy also benefits from its position as the County seat of government, recent investment in existing industries, a current historic downtown re-development, highway accessibility and proximity to education hubs such as Lorain County Community College and Oberlin College.

Commercial Development

The City's commercial areas include its downtown; Cleveland Street with its mix of general merchandise and service providers; Chestnut Commons which includes a 44,000 square foot Cleveland Clinic outpatient facility; Midway Crossing, Midway Market Square, Northgate Shopping Center and Midway Mall.

Midway Area. Midway Mall has undergone multiple changes of ownership in recent years, and weathered closings of three of its anchor stores in the last 12 years, with a fourth shutting down this year. The Lorain County Port Authority came into possession of the Mall in 2023, when the County granted the Port Authority a \$13.9 million loan to purchase the Mall and its 58-acre site. Subsequent, the Mall was sold to Industrial Commercial Properties (ICP), with the loan originally approved by the Port Authority on May 1, 2024. Nearly a year after the sale was approved, the Lorain County Port Authority and ICP signed a contract confirming the \$17 million sale of the Mall. ICP previously announced plans to turn the Mall into a business park with a mix of commercial, retail and light industrial uses. City officials currently expect the Mall project to bring between 500 and 600 jobs to the City.

In 2016, the City and the Ohio Department of Transportation completed the \$23 million reconfiguration of State Route 57 and the elimination of the 49th Street Bridge. This major reconstruction made Midway Mall more accessible and opened up approximately 120 acres for future development. New commercial development activity includes the construction of a new Courtyard by Marriott Hotel which opened in 2018. In 2017, the former Wal-Mart building was sold to Car Parts Warehouse, one of the largest automotive aftermarket parts distributors in the country. Also in 2017, Designer Fashion Warehouse occupied the former Office Max building Johnny K's Powersports took over the former Macy building and opened in 2018.

Downtown Area. The City's historic downtown is experiencing a resurgence with the help of federal, State and local funding. Two major downtown renovation projects include the \$7 million renovation of the County Courthouse and a \$10 million renovation of the Community and Transportation Center to return passenger rail to the downtown area. Two State appropriations totaling \$370,000 enabled the City to create an Arts District, with 35 artists working and offering classes in the Elyria Arts Council Art Works building and adjoining property called Pioneer Plaza. The Plaza offers a combination Farmer's Market and Outdoor Art Gallery, along with space for community gatherings and concerts. In 2019, in partnership with the Elyria Community Improvement Corporation, a new Main Library was constructed downtown. Private developers are also investing, bringing in new restaurants, businesses, residential mixed-use housing and other attractions.

In addition, the Downtown Elyria Redevelopment Project has been announced and has been through the planning stages. This redevelopment project includes the rehabilitation of 67,000 square feet of currently vacant buildings in the City's downtown into an Esports arena and gaming hub. This project is expected to utilize federal and State historic tax credits to rehabilitate the existing Dixon and Robinson buildings with food and dining options on the first floor, as well as two floors dedicated to commercial office space for use by the Lorain County Community College. This project will also include a full-scale media production center to produce the buildings esports programming. This project is also expected to include construction of a 76,000 square foot, six-story multi-family building featuring 51 units with retail, a wine bar and underground parking. This project is expected to create more than 150 full-time jobs and 348 construction jobs. A groundbreaking ceremony was held on September 16, 2025, for Phase I of this project, with an estimated value of \$12.5 million.

Chestnut Commons. The Chestnut Commons area is a community hub and retail development offering a variety of businesses and services. It includes stores such as Discount Drug Mart, Verizon Wireless, Rent A Center, Wing Stop and Romeo's Pizza. Additionally, there are plans for future development, including a new grocery store and a larger development with town homes and commercial spaces.

University Hospitals Elyria Medical Center. In 2018, the University Hospitals Elyria Medical Center finalized a commitment to proceed with an \$11.2 million renovation of its surgical suite. This transformational renovation modernized the hospital and further secured UH Elyria's position as the healthcare provider of choice in the County. Recently, in April 2025, the Medical Center announced that it has expanded its capabilities with several advanced medical services that are now fully operational and serving the community. UH Harrington Heart & Vascular Institute has successfully launched its valve and structural heart program onsite providing advanced minimally invasive therapies for patients with conditions that affect the heart's valves, walls, chambers, or muscles. UH also added the latest in surgical innovation with the arrival of the da Vinci Xi surgical robot at UH Elyria. This cutting-edge technology is being used across multiple specialties – urology, general surgery, thoracic and gynecology – bringing high-quality care closer to home and delivering outstanding patient outcomes. These services are a testament to the continued investment in Elyria's healthcare infrastructure.

Infrastructure Improvement

Between 2016 and 2024, the City has made over \$139 million of infrastructure improvements using federal, State and local funds. Such improvements include (i) the reconfiguration of State Route 57 along with improvements from the Ohio Turnpike to State Route 113 and the elimination of the 49th Street Bridge, (ii) replacements of Middle Avenue, Third Street, East Avenue and the Ford Road Bridge, (iii) a renovation of the downtown streetscape, (iv) improvements to Lake Avenue, (v) the rehabilitation of sanitary sewers and water main improvements, (vi) signalization improvements, (vii) over \$8 million of improvements to the wastewater treatment plant, (viii) implementation of Phase I of a new storm water management program and (ix) various other street improvements including a pavement preservation program. Passage of Issue 6, an additional .50%, five-year income tax in March 2016 (see **Municipal Income Tax**) resulted in additional revenue to make improvements to all residential streets needing repair or replacement over the subsequent five years.

Industrial Development

The City, an early manufacturing center in the United States thanks to the Black River, remains a manufacturing center today. Connected globally and invested locally, among some of the major industries in the City remain the world headquarters of Ridge Tool Corporation and Invacare Corporation and many other large industrial firms such as BASF, Parker Hannifin, Crane Aerospace, Lear Rometec, Elyria Plastics, EMC Precision Manufacturing, Consun Food Industries, Diamond Products, Nelson Stud Welding, Nucor Steel, MultiLink, Inc., Vectron, Inc., DuraLine, Elyria Plating, and many more.

In May 2018, Amware Distribution Warehouses, a logistics company, indicated it was leasing a former Riddell Corporation site and 3M building and, if provided certain tax incentives by the City, would purchase them. Final City Council approval of those incentives is pending. The City believes that revenues from Amware may approximate those lost in prior Riddell Corporation and 3M moves. In 2021, Bendix Commercial Vehicle Systems/Knorr Brake Truck Systems Company completed their new facility in the nearby City of Avon and completed the transition of its employees to the new facility in 2022. This departure resulted in the loss of approximately 710 jobs and

approximately \$2 million in annual income tax revenues. Despite these losses, income tax revenues for all governmental funds on the GAAP basis of accounting increased 5.22% or \$1,792,573 in 2022 and by 3.56% or \$1,286,845 in 2023. This trend continued in 2024 with a modest increase of 1.02% or \$382,116. See **Municipal Income Taxes**.

Residential Development

Construction of a new 214-unit upscale, age 55-and-up K. Hovanian Home Four Seasons subdivision in the Chestnut Commons area has been completed. It features a clubhouse, pool, walking trails, tennis courts, pickleball, snow removal and lawn care. K. Hovanian is also developing another subdivision on the south side of the City that will feature 250 new single-family homes starting at \$400,000. An additional residential development beginning in 2025 is located at the old Jefferson Grade School site. Pivotal Housing will demolish the old school and construct a \$18 million, 46-unit senior independent apartment complex that will provide much needed senior-living housing. Also, near downtown, New Sunrise Properties is expected to construct 62 cottage-style rental homes for seniors age-55-and-up. Additional housing starts are in process and more is coming with the residential phase of the Valley of the Eagles golf course pending and more residential property anticipated with the rebuilding of the public school system (see **Elyria City School District Project**).

The City's housing stock is in generally good condition thanks to aggressive code enforcement by the City, reinvestment in homes through various City programs and a strong demolition program. A recent survey of parcels conducted for the City by the Western Reserve Land Conservancy found that only 2.9% of the 21,827 parcels were classified as vacant structures and 96% of the City's occupied housing stock graded as either "A" (Excellent) or "B" (Good). The City is using the data to develop further programming to assist residents with homes below those grades.

Economic Development

The City's Economic Development Plan, updated in 2017, provides a framework designed to evolve and change and includes initiatives for (i) retaining, expanding and attracting business thus creating jobs and growing the tax base, (ii) creating and expanding the economic development tools to help advance business development, (iii) nurturing entrepreneurship and workforce training and (iv) helping to change the perception of the City with its own residents and businesses by engaging them in activities that assist the City in improving safety, the environment and image, thus improving perception and pride in community and encouraging investment.

Elyria City School District Project

In 2007, the electors of Elyria City School District (encompassing approximately 90% of the City) passed a levy approving a new \$73 million high school, which opened in 2011.

At the election held on November 8, 2016, the electors of the School District approved the issuance of bonds in the aggregate principal amount of \$59,940,000 for the purpose of constructing, furnishing and equipping new elementary/middle school buildings and otherwise constructing, adding to, renovating, remodeling, furnishing, equipping and improving school district buildings and facilities and clearing, improving and equipping their sites and levying a tax outside the ten-mill limitation to pay the debt charges on those bonds.

The School District and the State of Ohio, acting through the Ohio Facilities Construction Commission (the Commission), have entered into a Project Agreement for, among other things, the construction of two new elementary schools to house grades K-4 and three new elementary/middle schools (one to house grades PK-8 and two to house grades K-8) and an

allowance to abate and demolish the existing Elyria West Kindergarten Village, Crestwood, Ely, Franklin, Hamilton, McKinley, Oakwood, Prospect, Spring Valley and Windsor Elementary, Eastern Heights Junior High and Northwood and Westwood Middle Schools.

Elyria Public Library Project

At the election held on November 7, 2017, the electors of Elyria Public Library (encompassing approximately 90% of the City) approved a 0.9-mill tax levy for the purpose of current expenses for 30 years. The additional tax levy enabled the Library to undertake a financing in cooperation with the City of \$16.565 million for the purpose of constructing new branch libraries to replace the existing Central Branch and South Branch libraries, expanding the Keystone-LaGrange facility and renovating and updating the West River Branch. **See City Debt and Other Long-Term Obligations.**

FINANCIAL MATTERS

Introduction

The City's Fiscal Year corresponds with the calendar year.

The main sources of City revenue have been and are property and income taxes, and State distributions, as described below.

The Mayor, the Finance Director and the Council are responsible for the major financial functions of the City.

Other important financial functions include general financial recommendations and planning by the Mayor; budget preparation by the Mayor with the assistance of the Finance Director; and express approval of appropriations by the Council.

The Finance Director is the City's fiscal and chief accounting officer. In this role, that officer's duties include keeping the books and accurate statements of all money received and expended and of all taxes and assessments; at the end of each Fiscal Year, or more often if requested by the Council, examining all accounts of City officers and departments; and ensuring that the amount set aside for any appropriation is not overdrawn, or the amount appropriated for any one item of expense is not drawn upon for any other purpose, or a voucher is only paid if sufficient funds are in the City treasury to the credit of the fund on which the voucher is drawn. The Finance Director is responsible for receiving, maintaining custody of and disbursing all City funds.

The Finance Director has charge of the financial affairs of the City, including the keeping and supervision of all City accounts and the custody and disbursements of all City funds and money. The Finance Director is elected.

For property taxation purposes, assessment of real property is by the County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

Budgeting, Property Tax Levy and Appropriations Procedures

Detailed provisions for budgeting, property tax levies and appropriations are made in the Revised Code, including a requirement that the City levy a property tax in a sufficient amount,

with any other money available for the purpose, to pay the debt charges on securities payable from property taxes.

The law requires generally that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next fiscal year. The tax budget then is presented for review by the county budget commission, which is comprised of the county auditor, treasurer and prosecuting attorney. A county budget commission may, however, waive the requirement for a tax budget and require an alternative form of more limited information required by the commission to perform its duties. The Lorain County Budget Commission has permitted an alternative form of a tax budget information document to be used by the City and other subdivisions in the County.

The county budget commission then determines and approves levies for debt charges outside and inside the ten-mill limitation. The Revised Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein.”

The county budget commission then certifies to each subdivision its action on the tax budget together with the estimate by the county auditor of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the then Fiscal Year, the taxing authority (the Council in the case of the City) approves the tax levies and certifies them to the county auditor. The approved and certified tax rates are then reflected in the tax bills sent to property owners. Real property taxes are payable in two installments, the first usually in February and the second in July.

The Council adopts a temporary appropriation measure and then, by April 1, a permanent appropriation measure for the next Fiscal Year. Although called “permanent,” the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources, and the County Auditor must certify that the City’s appropriation measures do not appropriate moneys in excess of the amounts set forth in those estimates.

Financial Reports and Audits

The City maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Ohio Auditor of State (the State Auditor). The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

City receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the State Auditor that are generally applicable to all Ohio political subdivisions. The records of these cash receipts and expenditures are converted annually for reporting purposes to a modified accrual basis of accounting for governmental funds and an accrual basis for proprietary funds. These accounting procedures conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Those principles, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service (bond retirement) fund and for a full accrual basis of accounting for all other funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures and statements showing changes in fund balances.

Audits are made by the State Auditor, or by private auditing firms (CPAs) at the direction of that officer, pursuant to Ohio law and under certain federal program requirements. No other independent examination or audit of the City’s financial records is made.

The most recent audit (including compliance audit) of the City's accounts was completed through Fiscal Year 2024. The Basic Financial Statements of the City for Fiscal Year 2024, set forth as **Appendix C**, they have been audited by Rea & Associates. No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit.

Annual financial reports are prepared by the City and are filed as required by law with the State Auditor after the close of each Fiscal Year.

See **Appendix A** for an unaudited comparative budgetary-basis summary, prepared by the City, of General Fund receipts and expenditures for the last five Fiscal Years and projected for Fiscal Year 2025. All funds receipts and expenditures for the two prior Fiscal Years are set forth in **Appendix B**. See **Appendix C** for the audited Basic Financial Statements for Fiscal Year 2024 from the City's Annual Comprehensive Financial Report for Fiscal Year 2024, including the audit letter.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the private audit firm since their date.

Investments

Investments and deposits of City funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all subdivisions, and by the City Charter and ordinances. The Finance Director is responsible for those investments and deposits. Under recent and current practices, in addition to deposits evidenced by interest bearing certificates of deposit, investments are made in the State Treasurer's subdivision investment pool (STAR Ohio), direct obligations of the United States and agencies thereof, and repurchase agreements with a maturity not exceeding 30 days. The City does not enter into reverse repurchase agreements or invest in "derivatives." At the end of Fiscal Year 2024, the City investment portfolio (not including bank deposits) was invested in Federal Agency securities, repurchase agreements and STAR Ohio.

Financial Outlook

The City's General Fund cash balance as of December 31 for each of the years 2020 through 2024 and projected for 2025 are shown in **Appendix A**.

GENERAL FUND

The General Fund is the City's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives money from many sources, but primarily from ad valorem property taxes and income taxes levied by the City and State local government assistance distributions. **Appendices A and B** provide further information regarding other revenue sources for the General Fund and other City funds.

AD VALOREM PROPERTY TAXES

The discussion of ad valorem property taxes herein should be read in the context of (i) legislation recently enacted, and legislation currently pending or which may be introduced in the General Assembly, (ii) ballot initiatives which may be proposed by electors and (iii) court proceedings which may be filed, which, in each case, if (as to pending matters) to become law, could alter or amend one or more of the ad valorem property tax matters referred to herein and

which may have a materially adverse effect on the market value of the Notes. See **Considerations Regarding Real Property Tax Reform**.

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the City.

Collection Year	Real(a)	Public Utility(b)	Total Assessed Valuation
2021	\$ 830,934,440	\$58,071,730	\$ 889,006,170
2022(c)	936,419,060	60,732,760	997,151,820
2023	960,588,980	63,483,970	1,024,072,950
2024	977,213,230	67,722,330	1,044,935,560
2025(d)	1,299,539,760	74,592,970	1,374,132,730

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

(b) Tangible personal property of all public utilities and real property of railroads.

(c) Reflects triennial adjustment.

(d) Reflects sexennial reappraisal.

Source: County Auditor.

Taxes collected on “Real” in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. “Public Utility” (real and tangible personal) 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.

Based on County Fiscal Officer records of assessed valuations for the 2025 collection year, the largest City ad valorem property taxpayers are:

Name of Taxpayer	Nature of Business	Total Assessed Valuation	% of Total Assessed Valuation
Ohio Edison Company	Public utility	\$29,926,900	2.18%
American Transmission Systems	Public utility	29,438,030	2.14
Columbia Gas of Ohio	Public utility	15,528,480	1.13
Midway Market Square Elyria LLC	Shopping center	8,080,480	0.59
Hunters JG LLC	Apartments	7,285,540	0.53
Colonial Oaks Property LLC	Real estate	7,157,070	0.52
OH Pikewood Manor LLC	Real estate	7,056,500	0.51
Walmart Real Estate Business Trust	Shopping center	6,626,070	0.48
Elyria United Methodist Village	Senior citizen housing	5,323,300	0.39
EPC Sparti LLC	Real estate	4,830,500	0.35

Pursuant to statutory requirements for sexennial reappraisals in 2024, the County Auditor adjusted the true value of taxable real property to reflect then-current fair market values. These adjustments will be first reflected in the 2024 duplicate (collection year 2025) and in the ad valorem taxes distributed to the City in 2025 and thereafter. The County Auditor also is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and

has adjusted taxable real property value triennially to reflect true values. The County Auditor conducted such a triennial adjustment in 2021 (collection year 2022).

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to pay debt charges on general obligation debt. None of the City’s tax levies are affected by these credits. These credits are discussed further following **Tax Table A**.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the City are listed below. The “() %” figure is that approximate percentage of a recent assessed valuation of the overlapping entity that is located within the City.

- The County (functions allocated to counties by Ohio law, such as elections, health and human services, and judicial). (11.62%)
- Elyria City School District that includes 90.37% of the territory within the City (K-12 educational responsibilities). (89.77%)
- Portions of other school districts are also included in the City as follows: Keystone Local School District (1.24%) and Midview Local School District (21.04%).
- Lorain County Career Center (LCCC) (vocational education program). (13.00%)
- Lorain Port Authority (public port facilities in the port). (11.62%)
- Lorain Community College District (two-year public higher education institution). (11.62%)
- Lorain County Metropolitan Park District (park and recreation areas). (11.62%)
- Grafton-Midview Public Library District (public library). (21.04%)
- Lorain County Regional Airport (airport). (11.62%)
- Elyria Public Library. (65.44%)

Source: OMAC.

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only the County, school districts, and the Metro Regional Transit Authority may, as may the City, levy ad valorem property taxes within the ten-mill limitation (subject to available statutory allocation of the 10 mills) described under **Indirect Debt and Unvoted Property Tax Limitations**.

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following are the rates at which the City and overlapping taxing subdivisions have in recent years levied ad valorem property taxes in that area of the City having the highest overlapping tax rate.

**TAX TABLE A
Overlapping Tax Rates**

Collection Year	City	County(a)	JVSD	Elyria City School District	Lorain County Health District	Elyria Library(b)	Total
2021	4.20	15.58	2.45	74.69	0.50	2.80	100.22
2022	4.20	15.30	2.45	72.44	0.50	2.80	97.69
2023	4.20	15.43	2.45	72.25	0.50	2.80	97.63
2024	4.20	16.08	2.45	71.83	0.50	2.80	97.86
2025	4.20	16.02	2.45	66.82	0.50	2.80	92.78

- (a) Tax rates for the County include voted taxes levied by the Lorain County Community College District and the Lorain County Metropolitan Park District.
- (b) Under State law, the proceeds of this tax levy are distributed to the Elyria Public Library and cannot be used by the City for any other purpose.

Source: County Auditor.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges voted general obligations, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the overlapping tax rate for the 2025 tax collection year of 92.78 mills within the City (within the School District) is reduced by reduction factors of 0.427589 for residential/agricultural

property and 0.352269 for all other real property, which results in “effective tax rates” of 53.109450 mills for residential and agricultural property and 60.097785 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State’s General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the City levied property taxes for the general categories of purposes for the years shown, both inside and outside the ten-mill limitation:

TAX TABLE B
City Tax Rates

Inside the Limitation

Collection Year	Operating	Police and Fire Pension	Debt Retirement	Total
2021	1.00	0.60	2.60	4.20
2022	1.00	0.60	2.60	4.20
2023	1.00	0.60	2.60	4.20
2024	1.00	0.60	2.60	4.20
2025	1.00	0.60	2.60	4.20

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

Collections

The following are the amounts billed and collected for City ad valorem property taxes on real and public utility property for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2020	\$6,825,288	\$6,636,296	97.2%	\$188,992	\$861,624
2021	6,941,082	6,807,329	98.1	133,753	850,386
2022	7,424,921	7,093,187	95.5	331,734	915,368
2023	7,569,799	7,539,730	99.6	30,069	580,665
2024	7,674,642	7,529,687	98.1	144,955	711,214

Source: County Auditor.

Included in the “Current Billed”, “Current Collected” and “Current % Collected” figures above are payments made from State revenue sources under three Statewide real property tax relief programs – the Homestead Exemption, the Non-Business Credit and the Owner-Occupancy Credit.

A Homestead Exemption provides a property tax credit for the residence, or “homestead,” of certain qualifying individuals, e.g., a homeowner who is either (i) 65 years of age or older, (ii) permanently and totally disabled or (iii) certain surviving spouses of an individual who previously received the exemption, who meet certain income guidelines. In addition, there is an enhanced credit for military veterans who are totally disabled or spouses of first responders killed in the line of duty, without regard to income guidelines. For Collection Year 2025, the Homestead Exemption exempts \$26,200 of the homestead’s market value from taxation (\$52,300 for the enhanced exemption), thereby reducing the property owner’s ad valorem property tax liability. Payments to taxing subdivisions have been made in amounts approximately equal to the Homestead Exemption granted. The State assistance reflected in the City’s tax collections for Collection Year 2024 related to the Homestead Exemption was \$185,228. The 2025 State Budget Act authorizes counties to offer a property tax exemption that would “piggyback” on the existing Homestead Exemption. The exemption would be available to the same homeowners who meet the means test for the existing exemption, and offer the same benefit amount, as the State Homestead Exemption described above, but with no reimbursements to local governments. The County has implemented this “piggyback” exemption beginning with Collection Year 2026.

The Non-Business Credit (formerly the “10% Rollback”) and the Owner-Occupancy Credit (formerly the “2.5% Rollback”) apply to all non-business properties, and reduces each property owner’s ad valorem property tax liability as to “qualifying levies” by 10% and, if the property is owner-occupied and the owner does not claim any other property as a primary residence, an additional 2.5%, respectively. Payments to taxing subdivisions have been made in amounts approximately equal to the Non-Business Credit and Owner-Occupancy Credit granted. The State assistance reflected in the City’s tax collections for Collection Year 2024 related to the Non-Business Credit and Owner-Occupancy Credit was \$351,726. The 2025 State Budget Act authorizes counties to offer a credit for owner-occupied homes that would “piggyback” on the existing Owner-Occupancy Credit. The locally authorized credit can equal up to 2.5% of the amount of taxes to be levied by qualifying levies on the property or home, but with no reimbursements to local governments. The County has implemented this “piggy-back” credit beginning with Collection Year 2026. The Non-Business Credit and Owner-Occupancy Credit and related reimbursements have been eliminated with respect to new or replacement tax levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013 (all other levies being “qualifying levies”). See **Tax Rates**.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Special Assessments

The City on occasion conducts residential and other street improvements, which can include paving, resurfacing, draining, planting shade trees and constructing curbs, sidewalks, storm sewers, sanitary sewers and water lines. The cost of these improvements is paid in part from special assessments levied against the property benefiting from those improvements; the remaining cost is paid by the City. Unless all of the benefiting property owners petition to pay all costs, State law requires the City to pay at least 2% (plus the cost associated with intersections) of the total cost of the improvements.

Owners of benefiting properties may commence a street improvement project by filing a petition with City Council requesting the improvement. Alternatively, Council, with a three-quarter majority, may by resolution declare the necessity for such an improvement. The special assessment proceedings provide for notice to property owners and an opportunity for property owners to object to the special assessments. At the commencement of construction of the improvement, bond anticipation notes may be issued to pay the property owners’ portion of the

project cost. Following completion of the work and determination of final costs, the special assessments are levied by Council against the benefiting property. Special assessments not paid within 30 days are certified to the County Auditor for collection over a period of time (usually 10 to 20 years for most projects). Special assessments are billed by the County Auditor and collected by the County Treasurer along with and at the same time as real property taxes. The real property taxes levied on any property against which special assessments have been levied are not to be paid unless those special assessments are also paid.

If bond anticipation notes are issued to pay the property owner's portion of the project cost as described above, bonds may be issued in anticipation of the collection of the special assessments to refund (together with any cash payments of special assessments) those notes. The special assessments certified for collection bear the same interest as the bonds. Under State law, those bonds are to be paid from the anticipated special assessments, but they are also general obligations of the City, payable from ad valorem property taxes to the extent not paid from those special assessments. See **City Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations, Indirect Debt and Unvoted Property Tax Limitations** and **Debt Tables A and B**. The City has never been required to levy an ad valorem property tax for debt charges on bonds issued in anticipation of the collection of special assessments because special assessments have been collected as required and sufficient balances have been available in the Bond Retirement Fund to cover any temporary shortfall.

The following are the amounts billed and collected for City special assessments for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2020	\$293,199	\$161,133	55.0%	\$132,063	N/A
2021	299,401	104,412	34.9	195,344	N/A
2022	263,667	121,265	46.0	142,402	N/A
2023	400,896	129,658	32.3	271,238	N/A
2024	485,961	219,432	45.2	266,529	N/A

Source: County Auditor.

Delinquencies

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties. Under the Revised Code, taxes become a lien of the State on the first day of January, annually, and continue until the taxes, including any penalties, interest or other charges, are paid. Real estate taxes and special assessments that are not paid in the year they are due are to be certified by the county auditor's office as delinquent. Any amount of a previous tax bill not paid before new tax bills are mailed for the next half of the year is considered delinquent and becomes subject to a 10% penalty. A list of delinquent properties is compiled by the county auditor (the "delinquent land duplicate"). If delinquent taxes (and special assessments) are not paid within 60 days after a copy of the county auditor's delinquent land duplicate is delivered to the county treasurer, then the county treasurer is to enforce the lien of the State that attached on January 1 of the year the taxes first became payable. Under State law (Section 323.25 of the Revised Code), the county treasurer is to enforce the lien "in the same way mortgage liens are enforced," that is, by an action in the court of common pleas for foreclosure and sale of the property in satisfaction of the delinquency. If the county treasurer fails to bring an action to enforce the lien, then the State Tax Commissioner is to do so. In addition, one year after certification of a delinquent land list, the county prosecuting attorney is

authorized to institute foreclosure proceedings in the name of the county treasurer to foreclose the lien.

The property owner may arrange a payment plan with the county treasurer providing for payments over a period not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county. Mass foreclosure proceedings and sales are permitted after three years' delinquency. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

In recent years, the State legislature has enacted several programs with respect to forestalling the foreclosure process or the forfeiture of property due to tax delinquency that may have the effect of delaying or eliminating the collection of certain property taxes. Notwithstanding the delay or loss of the tax revenues from those properties, an issuer of general obligation notes or bonds, such as the City, remains obligated to pay the debt charges on those notes or bonds from the available revenues. See **Security and Sources of Payment**.

There were 22,620 nonexempt parcels in the City for collection year 2024. Of the 22,593 nonexempt parcels in the City for collection year 2023, the number of delinquent parcels was 805, against 80 of which foreclosure proceedings were commenced (the most current such information as of the date of this Official Statement).

Considerations Regarding Real Property Tax Reform

From time to time, (i) legislative proposals may be introduced in the General Assembly, (ii) ballot initiatives may be proposed by electors and (iii) court proceedings may be filed, which, in each case, if to become law, could alter or amend one or more of the ad valorem property tax matters referred to herein and which may have a materially adverse effect on the market value of the Notes. There can be no assurance that legislation enacted, ballot initiatives approved, or actions by a court, after the date of issuance of the Notes, will not have a materially adverse effect on the market value or marketability of or security for the Notes. Prospective purchasers of the Notes should consult their own counsel regarding pending or proposed State property tax legislation, related ballot initiatives and court proceedings, as to all of which the City and Bond Counsel express no opinion.

Specifically, on May 9, 2025, the Ohio Attorney General's Office certified, and on May 14, 2025, the Ohio Ballot Board voted to certify a petition title and summary of a proposed amendment to the Ohio Constitution from Citizens for Property Tax Reform, "Abolishment of Taxes on Real Property", proposing to add a new Section 14 to Article XII of the Ohio Constitution abolishing taxes on real property. The proposed amendment is limited to the abolishment of real property taxes and does not address any implications of that. In order to appear on the ballot, the petitioners must collect signatures from registered voters equal to at least 10% of the vote cast in the most recent gubernatorial election. Those signatures must come from voters in at least 44 of Ohio's 88 counties, and for each of those counties the number must equal at least 5% of the vote cast in the most recent gubernatorial election. If sufficient signatures are verified by the Ohio Secretary of State's Office at least 65 days before the election, the full text of the proposed amendment would be placed on the ballot at the next regular or general election that occurs subsequent to 125 days after the filing of such petition. At soonest, the proposed amendment could appear on the ballot at the November 3, 2026 election; however, there can be no assurance when or if the proposed amendment would be on the ballot.

On November 19, 2025, the Ohio Senate approved four bills relating to various aspects of ad valorem property tax reform, including, as applicable to the City:

- House Bill 186, which, among other things, phases out the Non-Business Credit and increases the Owner-Occupancy Credit.
- House Bill 309, which, generally, enhances the authority of county budget commissions to reduce voter-approved levies if deemed unnecessary or excessive, after a public hearing.
- House Bill 335, which, generally, caps property tax growth related to inside millage to inflation.

After the Ohio Senate amended and then passed these bills, the Ohio House of Representatives concurred with the Senate-passed versions that same day, and each has or will soon be forwarded to the Governor. There can be no assurance whether the Governor will sign or veto any or all of these bills and what impact these bills might have on the Notes if approved.

MUNICIPAL INCOME TAX

Ohio law authorizes a city or village to levy a municipal income tax on both corporate income and employee wages and salaries at a rate of up to 1% without voter authorization. An income tax rate in excess of 1% requires approval by the voters. In May 1984, the voters approved a one-half percent income tax increase for a period of five years which has been renewed several times; at the May 2023 election, voters approved the renewal of that one-half percent portion of the City's municipal income tax through June 30, 2029. In February 1992, the voters approved an additional one-quarter percent income tax increase for a continuing period of time, earmarked for the City's police department. In March 2016, the voters approved a .50%, five-year income tax increase for the purpose of hiring additional police officers, purchasing new police equipment road repairs and resurfacing, economic development and other capital needs of the City, which has been renewed several times; at the May 6, 2025 election, voters approved the renewal of that .50% tax for an additional five-year period through June 30, 2031. The City, pursuant to Council action and those voter authorizations, currently levies the income tax at the rate of 2.25%. This tax on business income and individuals' salaries and wages is collected and administered by the Regional Income Tax Agency on behalf of the City. For taxable years beginning on or after January 1, 2018, taxpayers subject to a municipal net profit tax may elect to file one municipal net profit tax return that covers its total municipal net profit tax liability to all municipal corporations through the Ohio Business Gateway for processing by the Ohio Department of Taxation. The Ohio Department of Taxation will provide all administrative functions for those centrally-filed returns and will distribute payments to the appropriate municipalities, as well as address audits and appeals.

The City's income tax could be reduced or terminated by action of the Council, or by vote of the electors initiated by petition of 10% of the number of electors of the City who voted for governor at the last preceding election, following initiated ordinance procedures, or 10% of the electors of the City who voted at the last preceding City general election, following charter amendment procedures.

The City Charter provides that legislation passed by Council increasing, or renewing or extending any increase in, the income tax rate, or approving or providing for any decrease in, or the renewal or extension of any decrease in, the income tax credit (as discussed below), will not become effective until Council submits such legislation to the electorate at a regular municipal or general election occurring more than 90 days after the passage of that legislation and such legislation is approved by a majority of the electors voting thereon in the City.

Income tax proceeds, after payment of collection expenses, have been allocated by the Council for the current year to the General Fund except for the proceeds attributable to the additional .25% tax enacted in 1992 for the police department which are allocated to the Police Levy Fund and a .50% 5-year temporary income tax enacted July 2016 for the police department, street repair and resurfacing, economic development and capital needs of the City which are allocated to the 2016 .50% Income Tax Fund. Annual income tax receipts on a cash basis have been and are estimated to be:

Year	Receipts
2020	\$31,213,370
2021	34,077,098
2022	35,456,912
2023	37,376,710
2024	37,476,698
2025(est.)	40,065,575

Residents are currently permitted a credit against their City income tax liability for amounts equal to 100% of the income tax paid (at the rate of up to 2.25%) on the same income to another municipal corporation.

Certain of the income subject to the City income tax is also subject to the State income tax.

Effective January 1, 2022, Ohio's 20-day rule — requiring employers to withhold municipal income taxes for the municipality in which an employee has worked for more than 20 days during the calendar year — was reinstated to the form in which it existed prior to COVID-19 era modifications (see **COVID-19 Pandemic**). If an employee has worked in a municipality 20 days or less during a calendar year, an employer is not required to withhold municipal income taxes for that municipality for that calendar year. An employee can only be considered working in one municipality per calendar day.

NONTAX REVENUES

The City's General Fund also receives significant revenues from nontax sources (Nontax Revenues). The City's Nontax Revenues include: (a) certain grants from the United States of America and the State; (b) fines and forfeitures that are deposited in the General Fund; (c) fees deposited in the General Fund from properly imposed licenses and permits; (d) investment earnings that are credited or transferred to the General Fund; (e) proceeds from the sale of assets that are deposited in the General Fund; (f) rental income that is deposited in the General Fund; (g) gifts and donations; and (h) charges for services and payments received in reimbursement for services.

The following table summarizes historical collections for the past five years of the revenues identified by the City from its General Fund as Nontax Revenues. No assurance can be given that the collection of such Nontax Revenues will remain at the levels historically collected by the City.

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Historical Collections – General Fund Nontax Revenues

Year	Fees, Licenses & Permits	Charges for Services	Fines & Forfeitures	Interest Income	Intergovernmental and Other	Total
2020	\$ 722,501	\$ 753,807	\$ 95,131	\$ 15,181	\$2,952,122	\$4,538,742
2021	564,778	887,014	108,327	2,387	3,363,111	4,925,617
2022	819,642	896,726	127,969	110,499	2,540,628	4,495,464
2023	1,203,345	1,066,876	339,519	426,992	2,726,062	5,762,794
2024	1,203,806	1,057,732	452,806	656,408	3,431,172	6,801,924
2025(a)(b)	1,285,279	1,042,822	384,889	563,136	3,222,136	6,498,262

(a) Estimated.

(b) Approximate percentage of the total General Fund Nontax Revenues averaged over the years shown.

Fees, Licenses and Permits. Revenue in this category is derived from the issuance of building permits and a variety of inspection permits. Fees charged to contractors for examinations, building plan reviews and various zoning fees are included in this category. Revenue is also generated from the issuance of operating licenses. The City issues many different types of licenses or permits. Fees vary with the type of license or permit and are set by City ordinance.

Charges for Services. This category of revenue includes a variety of fees and charges collected by the City for the provision of services.

Fines and Forfeitures. These revenues are derived from City fines, parking violations, court costs, and civil filing fees.

Interest Income. The Finance Director invests City funds pursuant to the Revised Code and the City's Investment Policy. See **Financial Matters – Investments**. The City uses the General Fund to record all investment earnings and then distributes the earnings almost entirely to the General Fund.

Intergovernmental and Other. Revenue in this category is derived primarily from federal, state and local grants. This category includes a wide variety of types of revenue collected by City divisions. Due to the nature of these revenues, which frequently includes one-time receipt of revenues, the total may fluctuate from year to year. Included in these totals are refunds, gifts, cell tower leases, donations and proceeds from the sale of assets.

MOTOR VEHICLE LICENSE TAX

The City levies a per vehicle motor vehicle license tax of \$20, the proceeds of which are required to be used for construction, maintenance and repair of streets and highways, including bridges. Annual motor vehicle license tax receipts on a cash basis have been and are estimated to be:

Year	Receipts
2020	\$866,983
2021	979,861
2022	971,615
2023	938,139
2024	913,445

STATE LOCAL GOVERNMENT ASSISTANCE FUNDS

Statutory state-level local government assistance funds, comprised of designated State revenues, are another source of revenue to the General Fund. Most are distributed to each county and then allocated on a formula basis, or in some cases on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. City receipts from those funds are set forth in the following table.

Year	Receipts
2020	\$1,389,741
2021	1,546,560
2022	1,663,205
2023	1,703,064
2024	1,873,993

The amounts of and formula for distribution of these funds have been and may be revised from time to time.

CITY DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt such as the Notes, and applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the City.

As used in the discussions that follow, the term “BANs” refers to notes issued in anticipation of the issuance of general obligation bonds.

As further described below, the Notes are:

- unvoted general obligations of the City, subject to the indirect debt and related property tax limitation (the ten-mill limitation tax limitation)
- subject to both the 5½% and 10½% direct debt limitations except those portions that are “exempted debt” (discussed below).

The City has issued industrial development revenue bonds for facilities used by private corporations and hospital facility revenue bonds for hospital facilities used by private nonprofit corporations. The City is not obligated in any way to pay debt charges on those bonds from any of its funds, and, therefore, those bonds have been excluded entirely from the following debt discussion and tables. The City is not aware of and has not been notified of any condition of default under those bonds or the related financing documents.

The City is not, and to the knowledge of current City officials has not in at least the last 25 years been in default in the payment of debt service on any of the bonds or notes on which the City is obligor. The City, however, makes no representation as to the existence of a condition of default resulting from a default by any private entity under any financing documents relating to industrial development or hospital revenue bonds for which the City was the issuer.

Security for General Obligation Debt; Bonds and BANs

The following describes the security for City general obligation debt, bonds and bond anticipation notes (BANs) (such as the Notes).

Voted Bonds. The basic security for voted City general obligation bonds is the authorization by the electors for the City to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the City. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities).

The City has no voted general obligation bonds outstanding.

Unvoted Bonds. The basic security for unvoted City general obligation bonds is the City's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the City, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion, and to limitations on legal remedies against public entities. See the discussion under **Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the City and all overlapping taxing subdivisions.

The City has \$65,532,000 of unvoted general obligation bonds outstanding.

BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the City, or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

After the issuance of the Notes, the City has \$10,460,000 outstanding BANs. See **Debt Table D.**

Statutory Direct Debt Limitations

The Revised Code provides two debt limitations on general obligation debt that are directly based on tax (assessed) valuation, applicable to all municipal corporations, including the City.

- The net principal amount of both voted and unvoted debt of the City, excluding “exempt debt” (discussed below), may not exceed 10½% of the total tax (assessed) valuation of all property in the City as listed and assessed for taxation.
- The net principal amount of unvoted debt of the City, excluding exempt debt, may not exceed 5½% of that valuation, as discussed below.

These two limitations, which are referred to as the “direct debt limitations,” may be amended from time to time by the General Assembly.

The City’s ability to incur unvoted debt (whether or not exempt from the direct debt limitations) is also restricted by the indirect debt limitation discussed under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt that the City may issue is exempt from the direct debt limitations (exempt debt). Exempt debt includes, among others, the following categories.

- General obligation debt:
 - That is “self-supporting” (i.e., nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for city utility systems, airports, railroads, mass transit systems, parking, health care, solid waste, urban development, recreation, sports, convention, auditorium, museum, trade show and other public attractions, facilities for natural resource exploration, development, recovery, use or sale and correctional, detention and related rehabilitation facilities.
 - To the extent debt charges are expected to be paid from tax increment financing payments in lieu of taxes pledged to the payment of those debt charges (subject to certain limitations).
 - For highway improvements if the municipality has covenanted to pay debt charges and financing costs from distributions of motor vehicle license and fuel taxes.
 - In anticipation of the levy or collection of special assessments.
 - To pay final judgments or court-approved settlements.
- Securities for water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the City amounts equal to debt charges on those securities.
- Unvoted general obligation bonds to the extent that debt charges will be met from lawfully available municipal income taxes, to be applied to those debt charges pursuant to ordinance covenants.
- Revenue debt and mortgage revenue bonds to finance municipal utilities.
- Bonds issued in anticipation of (i) the collection of current revenues (which have a latest maturity of the last day of the Fiscal Year in which issued) or (ii) the proceeds of a specific tax levy.
- Bonds issued for certain energy conservation improvements or certain emergency purposes.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Voted debt for urban redevelopment purposes not in excess of 2% of the City’s assessed valuation.

- Securities issued to make a single payment on certain accrued liability to the statewide Police and Fire Pension Fund.
- Securities issued for municipal educational and cultural facilities and sports facilities.

BANs issued in anticipation of exempt bonds also are exempt debt.

The City may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount in a city's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the Bond Retirement Fund, and based on outstanding debt and the Notes and the current tax (assessed) valuation, the City's voted and unvoted nonexempt debt capacities are:

Limitation	Nonexempt Debt Outstanding	Additional Debt Capacity Within Limitation
10½% = \$144,283,936	\$15,155,000	\$129,128,936
5½% = \$ 75,577,300	\$15,155,000	\$ 60,422,300

This is further detailed in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the City if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt such as the Notes also may be issued by the City without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued) and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the City resulting in the highest tax required for such debt charges in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by *all* overlapping taxing subdivisions without a vote of the electors. This 10 mills is allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the City. Currently the entire 10 mills was levied by the combination of the City and taxing subdivisions overlapping the City. The current allocation of the 10 mills (sometimes referred to as the "inside millage") is as follows: 4.20 City, 1.60 County, and 4.20 School District. That allocation has remained constant for at least the last five years.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available

to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. In the case of the City, however, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on City unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest estimate of annual debt charges for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes and mortgage revenue bonds are not included in debt subject to the indirect limitation since they are not general obligations of the City, and the full faith and credit and property taxing power of the City is not pledged for their payment.

The indirect limitation applies to all outstanding unvoted general obligation debt even if debt charges on some of it is expected to be paid in fact from municipal income taxes, special assessments, utility revenues or other sources.

The estimated highest debt charges requirement in any year for all City debt subject to the ten-mill limitation was estimated to be \$6,371,217. That debt includes all unvoted general obligation bonds outstanding and any bonds anticipated by BANs outstanding. The payment of those annual debt charges would require a levy of 0.4637 mills based on current assessed valuation.

The total millage theoretically required by the City and the County (the only overlapping taxing subdivisions that have issued unvoted debt) for debt charges on their outstanding unvoted general obligation debt (including the Bonds) is estimated to be 5.3001 mills for the year of the highest potential debt charges. There thus remain 4.6999 mills within the ten-mill limitation that have yet to be allocated to debt charges and that are available to the City and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

Funds of the City Used for Debt Service

General Obligation Bond Retirement Fund

The General Obligation Bond Retirement Fund is the fund from which the City pays debt service on its general obligation debt (other than such debt payable from special assessments) and into which moneys required to be applied to those payments are deposited. The following table sets forth a comparative summary of receipts, expenditures and balances (including proceeds of renewal or refunding obligations) for the General Obligation Bond Retirement Fund for the years shown. In recent years, the City has accumulated amounts to retire a portion of the Outstanding Notes and/or a portion other outstanding BANs prior to issuing related long-term general obligation bonds.

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Year	Balance January 1	Receipts(a)(b)	Expenditures(a)	Balance December 31
2020	\$ 309,880	\$1,920,177	\$2,203,600	\$ 26,457
2021	26,457	2,346,631	2,358,549	14,539
2022	14,539	2,556,303	2,308,162	262,680
2023	262,680	2,836,620	1,125,098	1,974,202
2024	1,974,202	2,826,096	1,200,479	3,599,819

(a) Figures include transfers.

(b) Includes investment income and any premium and accrued interest received from sale of bonds and notes.

Special Assessment Bond Retirement Fund

In the past, the City has paid debt service on bonds issued in anticipation of the collection of special assessments from the Special Assessment Bond Retirement Fund which is funded from the proceeds of special assessments collected from property owners benefited by the improvement financed with those bonds. After certification to the County Auditor by the City, the special assessments, including interest thereon at the rate borne by the bonds issued in anticipation of collection of the special assessments, are to be collected by the County Auditor during each year in which the bonds mature from the owners of the properties assessed. Special assessments collections for the past five years are set forth under **Ad Valorem Property Taxes — Special Assessments**. The following table sets forth a comparative summary of receipts, expenditures and balances for the Special Assessment Bond Retirement Fund for the years shown.

Year	Balance January 1	Receipts(a)(b)	Expenditures(a)	Balance December 31
2020	\$15,526	\$111	\$0	\$15,637
2021	15,637	13	0	15,650
2022	15,650	268	0	15,918
2023	15,918	848	0	16,766
2024	16,766	909	0	17,675

(a) Figures include transfers.

(b) Includes investment income and any premium and accrued interest received from sale of bonds and notes.

The City has not been required to levy an ad valorem tax on taxable property for debt service on the portions of bonds issued in anticipation of the collection of special assessments because the special assessments have been collected as required and sufficient balances have been available in the City's General Obligation Bond Retirement Fund or transfers made from other funds of the City to cover any shortfall.

Wastewater Pollution Control Fund

The City pays debt service on obligations issued to construct capital improvements to the City's wastewater system from revenues generated primarily from user charges and connection fees and, if needed, from available balances in the Wastewater Pollution Control Fund.

The City entered into a settlement agreement in 2022 with the United States of America to eliminate sewage overflows into the Black River. The Consent Decree recognizes that the City began implementing a Wet Weather Control Plan in 2012 and further recognizes that the City has initiated or completed several projects identified in the Integrated Wet Weather Control Plan which

have eliminated many sewage overflows into the Black River at a cost of \$47.51 million. The Consent Decree, however, sets forth additional improvements that are planned over a 15-year period (2020-2034) with an estimated cost of approximately \$148 million followed by a 10-year period in which further collection system efforts are planned to address combined sewer overflows and storm sewer overflows. Of the \$148 million in projects identified in the consent decree, approximately \$10 million have already been completed, leaving an estimated \$138 million of projects to be completed with approximately \$29 million of those projects already in progress. Recognizing the importance of these improvements, on December 12, 2024, City Council enacted legislation providing for annual rate increases of 3.75% for years 2025, 2026 and 2027 to keep rates in line for the capital improvements still needed and will continue to monitor and adjust the rate structure as needed to complete these improvements.

The following table sets forth a summary of all receipts, expenditures (including interest expense and net depreciation expense but not including capital expenditures) and retained earnings/net assets in the City's Wastewater Pollution Control Fund for the years shown.

Year	Net Assets January 1	Receipts(a)	<u>Expenditures</u>		Net Assets December 31
			Operations And Maintenance(b)	Interest Expense	
2020	\$18,380,342	\$16,180,449	\$13,534,877	\$1,961,601	\$19,064,313
2021	20,486,182(c)	18,818,007	10,794,415	1,847,352	26,662,422
2022	26,662,422	20,274,091	12,578,662	1,759,471	32,598,380
2023	32,598,380	21,188,573	16,562,836	1,745,743	35,478,374
2024	35,478,374	24,603,795	17,309,890	2,085,479	40,686,800

(a) Includes investment income and capital contributions.

(b) Includes net depreciation expense.

(c) Beginning balance restated due to error in reporting accounts receivable.

Water Fund

The City pays debt service on obligations issued to construct capital improvements to the City's water system from revenues generated primarily from user charges and connection fees, and, if needed, from available balances in the Water Fund.

In December 2008, the City received a report from a consultant identifying capital improvements to the water system through 2028 at an estimated aggregate cost of \$154 million including replacement of old waterlines in the City and replacement of the main transmission lines that run from the City's Water Pumping Plant in the nearby City of Lorain to the City. On December 12, 2024, Council enacted legislation providing for annual rate increases of 15.25% for years 2025, 2026 and 2027 to keep rates in line for the capital improvements still needed and will continue to monitor and adjust the rate structure as needed to complete these improvements.

The following table sets forth a summary of all receipts, expenditures (including interest expense and depreciation expense but not including capital expenditures) and retained earnings/net assets in the City's Water Fund for the years shown.

Year	Net Assets January 1	Receipts(a)	Expenditures		Net Assets December 31
			Operations and Maintenance(b)	Interest Expense	
2020	\$22,276,310	\$12,962,009	\$11,956,582	\$1,141,354	\$22,140,383
2021	23,591,718(c)	13,418,492	8,110,891	1,103,874	27,795,445
2022	27,795,445	13,574,500	9,828,008	970,461	30,571,476
2023	30,571,476	15,453,073	12,738,503	945,856	32,340,190
2024	32,340,190	15,181,263	14,616,344	908,001	31,997,108

(a) Includes investment income and capital contributions.

(b) Includes net depreciation expense and transfers out.

(c) Beginning balance restated due to error in reporting accounts receivables.

Debt Outstanding

The Debt Tables attached provide information concerning the City's outstanding debt represented by bonds and notes, with respect to City and overlapping subdivision general obligation debt allocations, and debt charges.

The following table shows the principal amount of City general obligation debt outstanding as of December 31 in the years shown.

Year	Exempt	Total, all Unvoted
2020	\$48,172,300	\$72,290,000
2021	46,679,400	68,745,000
2022	45,048,250	64,355,000
2023	43,103,300	60,820,000
2024	62,175,000	78,565,000

Future Financings

Simultaneously with the issuance of the Notes, the City expects to issue \$16,000,000 Central Maintenance Facility Construction Bonds, Series 2025 (the Series 2025 Bonds), dated December 17, 2025, for the purpose of paying costs of constructing, furnishing and equipping a new central maintenance garage facility for the storage and maintenance of City-owned motor vehicles and equipment, including spaces for consumable material storage, vehicle washing, fueling facilities, decontamination, evidence storage for the City's Police Department and office and administrative functions, and clearing, equipping and improving its site. The proceeds of the Series 2025 Bonds will be used to retire, together with other funds available to the City, including the proceeds of the Notes, the Outstanding Notes.

Other than as described above, the City has no other plans to undertake or participate in any new major capital improvement projects for which it plans to borrow additional money or enter into long-term financial undertakings, or to issue any current revenue or tax anticipation notes.

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Long-Term Financial Obligations Other Than Bonds and Notes

The City has entered into loan agreements since June 30, 2009, with the Ohio Water Development Authority (OWDA) in order to provide permanent, long-term financing for water system improvements and wastewater system improvements. The balances on the loans at December 31, 2024 for water and sewer improvements were \$8,955,176 and \$53,957,733, respectively. Those loans, which each bear an interest rate of less than 4.20% per year, are to be repaid in semiannual installments over a 30-year period.

The payments under the OWDA loan agreements are required to be made from City utility system revenues after payment of operation and maintenance expenses of such system. The payments under the ODOT loan agreement are required to be made from a portion of the excise and motor fuel tax administered by the Ohio Department of Taxation and allocated to the City. Those loan agreements do not pledge the general credit of the City, or create a debt subject to the direct or indirect debt limitations, or require the application of the general resources of the City for repayment. The City has also obtained a number of “Issue 2” loans from the State, at 0% interest, requiring annual payments aggregating less than \$100,000 per year. See Notes to the Basic Financial Statements for further information regarding the OWDA loan agreements, the ODOT loan agreement, and the “Issue 2” loans.

Environmental Matters

The City has substantially upgraded its wastewater treatment plant and its collection system (except for certain overflows) to comply with requirements of the Ohio EPA and USEPA and pursuant to the terms of a consent judgment entered into between the City, the State of Ohio and USEPA in settlement of a lawsuit filed by the USEPA in 1984. All requirements of the consent judgment have been met except one. The City was to eliminate all known separate sanitary sewer overflows (SSOs) by December 31, 1993. The City was not able to accomplish this requirement by the scheduled date; however, in order to reduce storm water inflow into the sanitary sewer system, the City initiated and continues to offer a sanitary lateral repair loan program to property owners with defective sanitary laterals, and continues to perform sanitary sewer rehabilitation under a bid maintenance contract. A formal agreement has been reached with USEPA with respect thereto and the City is currently operating under a renewed National Pollution Discharge Elimination System (NPDES) permit which became effective on June 1, 2021.

For further information on the new consent decree and the discussion regarding the Wastewater Pollution Control Fund, see **Funds of the City Used for Debt Service – Water Pollution Control Fund**.

COVID-19 PANDEMIC

The spread of the strain of coronavirus commonly known as COVID-19 (COVID-19 or the Pandemic) began altering the behavior of businesses and people early in Fiscal Year 2020 in a manner that had negative effects on global, state and local economies and, in turn, on state and local governments and their revenues and expenses.

As the initial effects of the Pandemic became known, the City actively monitored its revenue collections and implemented certain mitigation and expense reduction measures. As a part of its response to the Pandemic, the federal government provided assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other legislation to assist states in addressing the adverse impacts of COVID-19.

The amounts of the reductions (and any offsets) in any local tax sources, additional grant assistance received as well as both Pandemic-related expenses and any operational cost savings experienced by the City in Fiscal Years 2020 and 2021, are all taken into account in the information provided in this Annual Information Filing. See, e.g., **Municipal Income Tax, State Local Government Assistance Funds** and **Appendix A**.

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CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of those statements have been or will be realized. Information in this Official Statement has been derived by the City from official and other sources and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent holders or Beneficial Owners of the Notes.

This Official Statement has been prepared and delivered by the City and signed for and on behalf of the City by its officials identified below.

CITY OF ELYRIA, OHIO

By _____
Mayor

By _____
Finance Director

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DEBT TABLE A

Principal Amounts of Outstanding General Obligation (GO) Debt and Exempt Debt; Leeway for Additional Debt within Direct Debt Limitations

A.	Total debt including the Bonds:		\$ 75,992,000
B.	Exempt debt:		
	Category	Outstanding Principal Amount	
	Income Tax	\$21,000,000	
	Self-Supporting	11,770,000	
	Sewer System	14,754,400	
	Tax Increment	717,000	
	Water	12,595,600	
	Total exempt debt:		\$ 60,837,000
C.	Total nonexempt debt [A minus B]:		\$ 15,155,000
D.	5½% of tax (assessed) valuation (unvoted nonexempt debt limitation):		\$ 75,577,300
E.	Total nonexempt limited tax bonds and notes outstanding:		
	Bonds (including the Bonds)	\$9,845,000	
	Notes	\$5,310,000	\$ 15,155,000
F.	Debt leeway within 5½% unvoted debt limitation [D minus E]:		\$ 60,422,300(a)
G.	10½% of tax (assessed) valuation (voted and unvoted debt limitation):		\$144,283,936
H.	Total nonexempt bonds and notes outstanding:		
	Bonds (including the Bonds)	\$9,845,000	
	Notes	\$5,310,000	\$ 15,155,000
I.	Debt leeway within 10½% debt limitation [G minus H]:		\$129,128,936(a)

(a) Debt leeway in this table determined without considering money in the Bond Retirement Fund.

DEBT TABLE B

Various City and Overlapping GO Debt Allocations (Principal Amounts)

	Amount	Per Capita(a)	% of City's Current Assessed Valuation(b)
City Nonexempt GO Debt	\$ 15,155,000	\$ 286.85	1.10%
Total City GO Debt (exempt and nonexempt)	75,992,000	1,438.34	5.53
Highest Total Overlapping GO Debt(c)	154,427,467	2,922.94	11.24

(a) Based on 2023 population of 52,833.

(b) The City's current assessed valuation is \$1,374,132,730.

(c) Includes, in addition to "Total City GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of December 17, 2025) resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within the City (% figures are resulting percent of total debt of subdivisions allocated to the City in this manner), as follows:

\$ 9,079,287 County (11.62%);
\$69,140,854 Elyria City School District (89.82%); and
\$ 215,326 Keystone Local School District (1.22%).

Source of tax (assessed) valuation and confirmation of GO debt figures for overlapping subdivisions: OMAC*

* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

DEBT TABLE C
Projected Debt Charges on GO Debt

Year	The Notes(a)	Bonds	Outstanding Bonds Anticipated by BANs(a)	Total	Limited Ad Valorem Taxes	Self-Supporting Revenues	Water System Revenues	Sewer System Revenues	Tax Increment Financing	Income Tax Revenues
2026	\$ 0.00	\$6,208,716.70	\$162,500.00	\$6,371,216.70	\$1,709,325.00	\$1,110,800.00	\$1,228,353.15	\$1,088,394.35	\$99,899.76	\$1,134,444.44
2027	437,000.00	5,362,915.93	504,000.00	6,303,915.93	1,541,075.00	1,115,200.00	1,116,194.96	863,166.69	99,779.28	1,568,500.00
2028	432,780.00	5,366,298.61	502,640.00	6,301,718.61	1,541,365.00	1,113,400.00	1,120,692.26	859,964.39	99,516.96	1,566,780.00
2029	428,320.00	5,362,631.35	502,740.00	6,293,691.35	1,538,615.00	1,115,600.00	1,124,116.81	857,426.74	99,112.80	1,558,820.00
2030	424,620.00	5,365,454.15	501,200.00	6,291,274.15	1,538,325.00	1,116,600.00	1,123,115.20	857,797.15	99,566.80	1,555,870.00
2031	419,620.00	4,967,395.68	500,070.00	5,887,085.68	1,537,682.50	1,116,400.00	722,747.51	859,803.99	99,831.68	1,550,620.00
2032	415,380.00	4,963,121.89	467,290.00	5,845,791.89	1,535,265.00	1,110,000.00	723,705.41	826,784.04	99,907.44	1,550,130.00
2033	410,840.00	4,351,601.83	468,400.00	5,230,841.83	925,775.00	1,117,600.00	722,225.13	822,357.61	99,794.08	1,543,090.00
2034	406,000.00	4,354,309.55	467,740.00	5,228,049.55	927,515.00	1,113,600.00	723,546.60	824,146.35	99,491.60	1,539,750.00
2035	400,860.00	4,255,981.95	467,360.00	5,124,201.95	928,935.00	1,113,400.00	721,663.36	825,343.59	0.00	1,534,860.00
2036	395,420.00	4,250,250.55	467,210.00	5,112,880.55	924,985.00	1,111,800.00	723,441.69	824,233.86	0.00	1,528,420.00
2037	389,680.00	4,247,244.75	453,220.00	5,090,144.75	913,570.00	1,113,800.00	719,682.21	822,662.53	0.00	1,520,430.00
2038	384,640.00	4,250,014.55	453,040.00	5,087,694.55	910,440.00	1,114,200.00	722,234.95	823,929.60	0.00	1,516,890.00
2039	379,240.00	4,251,260.10	452,960.00	5,083,460.10	910,160.00	1,118,000.00	719,190.43	824,619.67	0.00	1,511,490.00
2040	372,480.00	2,842,581.40	453,920.00	3,668,981.40	910,320.00	0.00	425,698.68	824,732.72	0.00	1,508,230.00
2041	366,420.00	2,843,765.95	453,800.00	3,663,985.95	910,337.50	0.00	427,159.67	827,568.78	0.00	1,498,920.00
2042	361,000.00	2,841,857.65	453,600.00	3,656,457.65	914,731.25	0.00	424,863.98	823,112.42	0.00	1,493,750.00
2043	354,160.00	2,381,225.45	453,260.00	3,188,645.45	453,260.00	0.00	425,543.65	824,431.80	0.00	1,485,410.00
2044	347,960.00	2,383,904.40	453,720.00	3,185,584.40	453,720.00	0.00	425,859.50	825,044.90	0.00	1,480,960.00
2045	340,340.00	2,383,513.25	452,860.00	3,176,713.25	452,860.00	0.00	425,811.50	824,951.74	0.00	1,473,090.00
2046	333,360.00	2,389,614.50	453,680.00	3,176,654.50	453,680.00	0.00	426,950.93	827,163.57	0.00	1,468,860.00
2047	326,960.00	2,382,199.80	0.00	2,709,159.80	0.00	0.00	425,959.93	825,239.87	0.00	1,457,960.00
2048	319,080.00	2,456,700.00	0.00	2,775,780.00	0.00	0.00	454,800.00	867,400.00	0.00	1,453,580.00
2049	311,780.00	2,455,900.00	0.00	2,767,680.00	0.00	0.00	450,400.00	870,000.00	0.00	1,447,280.00
2050	304,000.00	2,456,000.00	0.00	2,760,000.00	0.00	0.00	450,600.00	871,400.00	0.00	1,438,000.00
2051	295,740.00	1,321,800.00	0.00	1,617,540.00	0.00	0.00	450,200.00	871,600.00	0.00	295,740.00
2052	0.00	1,324,800.00	0.00	1,324,800.00	0.00	0.00	454,200.00	870,600.00	0.00	0.00
2053	0.00	1,320,800.00	0.00	1,320,800.00	0.00	0.00	452,400.00	868,400.00	0.00	0.00

(a) Assuming all BANs are retired with bonds having both first principal and first interest payments in 2026, being paid serially and over the number of years at the estimated interest rates referred to in the ordinance authorizing the BANs. See also **Debt Table D**.

DEBT TABLE D

Outstanding GO Bonds

These BANs, or the bonds they anticipate, are reflected in **Debt Tables A, B and C.**

Issue	Date of Issue	Final Maturity	Original Principal Amount	Outstanding Principal Amount
Various Purpose Refunding Bonds, Series 2013A	05/17/2013	2030	\$ 5,035,000	\$ 845,000
Various Purpose Refunding Bonds, Series 2015	04/15/2015	2032	8,820,000	4,030,000
Various Purpose Improvement and Refunding Bonds, Series 2017	05/24/2017	2042	12,860,000	5,710,000
Various Purpose Bonds, Series 2018	06/07/2018	2053	22,200,000	6,930,000
Various Purpose Improvement and Refunding Bonds, Series 2019	05/22/2019	2039	16,290,000	11,770,000
Various Purpose Improvement and Refunding Bonds, Series 2019-2	12/10/2019	2039	10,300,000	4,690,000
Various Purpose Refunding Bonds, Series 2019 (Federally Taxable)	12/10/2019	2047	15,590,000	14,840,000
Street Improvement Bonds, Series 2025	01/17/2025	2034	784,000	717,000
Central Maintenance Facility Construction Bonds, Series 2025	12/17/2025	2050	16,000,000	16,000,000

The ability of the City to retire BANs from the proceeds of the sale of either bonds or renewal BANs will be dependent upon the marketability of those obligations under market conditions prevailing at the time of that sale. Under present laws applicable to the City, there is no statutory maximum interest rate applicable to those bonds or renewal BANs.

DEBT TABLE E
Outstanding GO Bond Anticipation Notes

The following debt is reflected in **Debt Tables A, B and C.**

Bonds				
Issue	Date of Issuance	Final Maturity	Original Principal Amount	Outstanding Principal Amount
Various Purpose Notes, Series 2025	06/25/2025	06/25/2026	\$ 5,460,000	\$ 5,460,000
The Notes	12/17/2025	12/17/2026	5,000,000	5,000,000

The ability of the City to retire BANs from the proceeds of the sale of either bonds or renewal BANs will be dependent upon the marketability of those obligations under market conditions prevailing at the time of that sale. Under present laws applicable to the City, there is no statutory maximum interest rate applicable to those bonds or renewal BANs.

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APPENDIX A

Comparative Modified Accrual Basis Summary of General Fund Receipts and Expenditures for Fiscal Years 2020 through 2024 and Projected for Fiscal Year 2025(a)

RECEIPTS:	2020	2021	2022	2023	2024	Projected 2025
Taxes	\$22,623,499	\$24,694,253	\$25,941,504	\$26,657,621	\$27,223,848	\$30,250,957
Intergovernmental	2,376,913	2,553,466	2,179,021	2,231,550	2,479,140	2,509,084
Charges for Services	794,009	890,676	929,458	1,083,774	1,148,337	1,042,822
Licenses and Permits	722,501	564,778	819,642	1,218,345	1,203,805	1,289,279
Investment Income	15,181	2,387	73,769	485,328	619,253	563,136
Fines and Forfeitures	96,675	107,646	129,513	364,225	478,996	384,889
Miscellaneous	30,847	285,101	84,070	76,699	48,100	72,525
TOTAL REVENUES:	\$26,659,625	\$29,098,307	\$30,156,977	\$32,117,542	\$33,201,479	\$36,112,692
EXPENDITURES:						
Public Safety	\$15,752,575	\$17,876,043	\$16,228,453	\$16,581,518	\$18,656,677	\$22,292,613
Health	212,431	310,696	329,285	374,589	388,966	465,338
Culture and Recreation	813,442	1,472,895	1,588,512	1,824,519	2,219,830	2,277,883
Community Environment	996,589	1,219,019	1,467,343	1,631,050	1,689,597	1,917,680
General Government	6,475,632	6,526,071	7,056,181	7,192,680	8,334,289	10,790,112
Capital Outlay	447,370	150,000	513,348	153,400	1,052,436	432,495
Debt Service	17,755	22,118	0	0	0	0
TOTAL EXPENDITURES:	\$24,715,794	\$27,576,842	\$27,183,122	\$27,757,756	\$32,341,795	\$38,176,121
OTHER FINANCING SOURCES AND (USES)(b):	\$ (346,750)	\$ (350,000)	\$ (350,000)	\$ (67,800)	\$ 34,898	\$ (100,000)
BALANCE JANUARY 1:	\$7,384,091	\$ 8,981,172	\$10,152,637	\$12,776,492	\$17,068,478	\$17,963,060
BALANCE DECEMBER 31:	\$8,981,172	\$10,152,637	\$12,776,492	\$17,068,478	\$17,963,060	\$15,799,631

(a) See **COVID-19 Pandemic**.

(b) Net figure after reconciling all sources and uses (primarily transfers).

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APPENDIX B-1
All Funds Summary 2023(a)

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
General	\$9,939,293	\$34,606,112	\$30,489,008	\$14,056,397
Street Construction M&R	2,044,581	2,813,469	2,555,385	2,302,665
State Highway	851,513	221,277	219,680	853,110
Fire Pension	730,423	334,361	56,325	1,008,459
Police Pension	789,532	334,639	30,325	1,093,846
Employees Health Insurance	2,974,532	7,592,025	8,635,514	1,931,043
Muni Motor Vehicle Tax	1,210,994	994,364	872,563	1,332,795
Neighborhood Stabilization	5,145	0	0	5,145
Energy Efficiency Block Grant	228	0	0	228
Block Grant	5,206	875,309	877,318	3,197
CHIP Grant	(138,240)(b)	262,988	124,973	(225)(b)
US EPA Brownfield Grant	3,021	0	0	3,021
Chestnut Commons TIF	519,674	1,058,591	1,008,172	570,093
Brownfield Petroleum Assmt	4,276	0	0	4,276
Brownfield Hazardous Assmt	5,300	0	0	5,300
Muni Court Technology	146,105	255,824	147,256	254,673
Muni Court Security	198,690	235,142	176,090	257,742
Muni Court Construction/Imp	24,554	443,858	430,225	38,187
Special Parking Fine	30,850	1,686	0	32,536
Legal Research & Ct Comp	(164)(b)	43,293	26,719	16,410
Muni Court Special Collections	1,388	76,939	30,331	47,996
Special Traffic Magistrate	73,443	102,045	56,017	119,471
Special Court Maintenance	3,604	28,425	27,960	4,069
Special Probation	1,207	67,371	13,509	55,069
Food Service Operations	3,448	0	0	3,448
Household Sewage Disp Perm	5,120	0	0	5,120
Mfg Home/Park Placement Fee	8,856	0	0	8,856
Neighborhood Stabilization 3	2,212	0	0	2,212
Dental Health Grant	56,310	0	0	56,310
Swimming Pool Inspection	6,755	0	0	6,755
Law Enforcement	220,614	139,877	67,951	292,540
Mandatory Drug Fine	48,359	7,445	0	55,804
Indigent Drivers Alcohol Treat	411,773	33,978	227	445,524
Alcohol Enforcement & Educ	54,670	5,097	0	59,767
Defensive Driving Program	101,811	38,154	11,002	128,963
Police Levy	5,615,262	4,649,218	4,146,074	6,118,406
General Bond Retirement	255,094	2,836,135	1,125,098	1,966,131
Special Assessment Bond Ret	15,918	849	0	16,767
Bridge Projects	44,542	2,377	0	46,919

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
Parks Improvement	\$ 8,333	\$ 441	\$ 0	\$ 18,857
West River Road Improvement	17,901	956	0	18,857
Insurance Demutualization	10,461	0	0	10,461
Cascade/Elywood	1,337	0	0	1,337
West River Road Culvert Repl	5,675	0	0	5,675
Water	11,627,623	16,309,674	18,087,288	9,850,009
Water Capital	1,095,674	36,577	1,105,734	26,517
Special Parks & Rec	223,641	331,495	242,261	312,875
Sanitation	995,785	6,194,464	6,141,927	1,048,322
Sanitation/Building	268,065	0	0	268,065
Wastewater Pollution Control	14,133,657	35,736,717	33,314,324	16,556,050
Wastewater Poll Cont Capital	1,091,146	36,483	1,064,786	62,843
Storm Water	5,735,033	1,687,069	736,499	6,685,603
Wagner Trust	15,917	852	0	16,769
Ely Park Trust	19,861	554	0	20,415
Findley Trust	129,279	85,252	53,239	161,292
Cemetery Maintenance & Imp	103,124	86,172	100,289	89,007
Workers Compensation	4,963,166	649,031	568,306	5,043,891
2016 .50% Income Tax(a)	6,404,544	8,969,321	9,334,965	6,038,900
Indigent Drivers Interlock	108,141	16,717	36,882	87,976
Elyria Muni Recovery Court	92,958	172,012	66,890	198,080
American Rescue Plan Act	12,483,171	1,465,100	7,963,053	5,985,218
Muni Court Electronic Mess	18,822	23,426	0	42,248
Opioid Settlement	0	125,077	0	125,077
Cleveland St/E. Bridge St. Imp	0	1,048,320	1,048,320	0
East Broad St. Widening	0	1,894,588	1,894,588	0
Oberlin/Elyria Rd Resurfacing	0	21,756	21,756	0
Hilliard Rd. Resurfacing	0	60,440	60,440	0
Chestnut Commons Conn Rd.	215,444	5,201,641	5,298,072	119,013
West Ave. (Barres Lane – 8 th Street)	0	168,825	168,825	0
Chestnut Ridge (SR 57- Stillwater)	0	138,438	138,438	0
Abbe Rd. (Chestnut Ridge- University)	0	190,911	190,911	0
Muni Court GPS Monitor	0	11,333	0	11,333
Burns Rd. Improvement	0	16,849	16,849	0
Fuller Rd. Improvement	0	88,441	88,441	0
Total	\$86,044,657	\$138,829,780	\$138,870,805	\$86,003 ,632

(a) See **Municipal Income Tax**.

(b) Reflects grant funds to be reimbursed in the following Fiscal Year.

APPENDIX B-2
All Funds Summary 2024

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
General	\$14,056,397	\$35,596,203	\$34,225,399	\$15,427,201
Street Construction M&R	2,302,665	2,772,471	2,684,284	2,390,852
State Highway	853,110	225,984	195,365	883,729
Fire Pension	1,008,459	348,316	6,153	1,350,622
Police Pension	1,093,846	348,613	6,153	1,436,306
Employees Health Insurance	1,931,043	8,915,862	9,922,465	924,440
Muni Motor Vehicle Tax	1,332,795	979,309	587,386	1,724,718
Neighborhood Stabilization	5,145	0	0	5,145
Energy Efficiency Block Grant	228	0	0	228
Block Grant	3,197	810,713	857,297	(43,387)(b)
CHIP Grant	(225)(b)	94,198	63,123	30,850
US EPA Brownfield Grant	3,021	0	0	3,021
Chestnut Commons TIF	570,093	1,035,079	148,230	1,456,942
Brownfield Petroleum Assmt	4,276	0	0	4,276
Brownfield Hazardous Assmt	5,300	0	0	5,300
Muni Court Technology	254,673	284,103	167,609	371,167
Muni Court Security	257,742	258,240	215,789	300,193
Muni Court Construction/Imp	38,187	488,508	423,925	102,770
Special Parking Fine	32,536	1,666	6,518	27,684
Legal Research & Ct Comp	16,410	47,429	12,423	51,416
Muni Court Special Collections	47,996	83,995	966	131,025
Special Traffic Magistrate	119,471	62,754	31,860	150,365
Special Court Maintenance	4,069	31,361	27,960	7,470
Special Probation	55,069	76,586	7,883	123,772
Food Service Operations	3,448	0	0	3,448
Household Sewage Disp Perm	5,120	0	0	5,120
Mfg Home/Park Placement Fee	8,856	0	0	8,856
Neighborhood Stabilization 3	2,212	0	0	2,212
Dental Health Grant	56,310	0	0	56,310
Swimming Pool Inspection	6,755	0	0	6,755
Law Enforcement	292,540	47,896	117,711	222,725
Mandatory Drug Fine	55,804	5,517	0	61,321
Indigent Drivers Alcohol Treat	445,524	48,343	217	493,650
Alcohol Enforcement & Educ	59,767	4,202	0	63,969
Defensive Driving Program	128,963	51,662	7,791	172,834
Police Levy	6,118,406	4,792,863	4,203,047	6,708,222
General Bond Retirement	1,966,131	2,825,901	1,200,479	3,591,553
Special Assessment Bond Ret	16,767	909	0	17,676
Bridge Projects	46,919	2,544	0	49,463

Fund	Beginning Balance	Receipts	Expenditures	Ending Balance
Parks Improvement	\$ 8,774	\$ 1,024	\$ 0	\$ 19,881
West River Road Improvement	18,857	1,024	0	19,881
Insurance Demutualization	10,461	0	0	10,461
Cascade/Elywood	1,337	0	0	1,337
West River Road Culvert Repl	5,675	0	0	5,675
Water	9,850,009	16,372,258	17,527,198	8,695,069
Water Capital	26,517	0	26,517	0
Special Parks & Rec	312,875	350,086	277,349	385,612
Sanitation	1,048,322	6,895,395	6,031,390	1,912,327
Sanitation/Building	268,065	0	175,000	93,065
Wastewater Pollution Control	16,556,050	35,553,666	33,200,906	18,908,810
Wastewater Poll Cont Capital	62,843	0	0	62,843
Storm Water	6,685,603	1,865,105	769,414	7,781,294
Wagner Trust	16,769	912	0	17,681
Ely Park Trust	20,415	593	0	17,362
Findley Trust	161,292	83,084	49,258	195,118
Cemetery Maintenance & Imp	89,007	81,267	90,916	79,358
Workers Compensation	5,043,891	662,433	552,870	5,153,454
2016 .50% Income Tax(a)	6,038,900	9,621,421	8,654,099	7,006,222
Indigent Drivers Interlock	87,976	14,566	63,004	39,538
Elyria Muni Recovery Court	198,080	175,553	108,391	265,242
American Rescue Plan Act	5,985,218	1,300,414	6,689,288	596,344
Muni Court Electronic Mess	42,248	25,482	2,024	65,706
Opioid Settlement	125,077	215,487	3,125	337,439
Cleveland St/E. Bridge St. Imp	0	3,531,723	3,531,723	0
East Broad St. Widening	0	5,961,854	5,961,854	0
Lake Ave. Improvement	0	104,987	104,987	0
Foster Ave. Improvement-Lorain-WR	0	45,015	45,015	0
Chestnut Commons Conn Rd.	119,013	5,201,756	5,249,304	71,465
Midway Blvd (Tillotson to W. River)	0	116,543	116,543	0
Chestnut Ridge (SR 57-Stillwater)	0	31,537	31,537	0
Abbe Rd. (Chestnut Ridge-University)	0	26,871	26,871	0
Muni Court GPS Monitor	11,333	14,008	0	25,341
Abbe Rd. S. Resurf (E. Broad to Univ)	0	256,524	256,524	0
Furnace St. (Lake Ave to W. River)	0	128,763	128,763	0
EPD Equitable Sharing	0	98,840	0	98,840
Public Works Complex Construction	0	21,000,000	0	21,000,000
Total	\$86,003 ,632	\$169,978,866	\$144,793,903	\$111,184,949

(a) See **Municipal Income Tax**.

(b) Reflects grant funds to be reimbursed in the following Fiscal Year.

APPENDIX C

Basic Financial Statements from the City's Financial Report for Fiscal Year 2024 (Audited)

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INDEPENDENT AUDITOR'S REPORT

To Members of City Council
City of Elyria
Lorain County, Ohio
131 Court St.
Elyria, OH 44035

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, 2016 .50% Income Tax Fund, and American Rescue Plan Act 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Medina, Ohio
August 19, 2025

City of Elyria, Ohio
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Equity in pooled cash and cash equivalents	\$ 52,922,739	\$ 19,604,913	\$ 72,527,652
Segregated cash and cash equivalents		4,894,938	4,894,938
Restricted cash (consumer deposits)		408,147	408,147
Investments	21,399,241	19,804,021	41,203,262
Receivables:			
Property tax	5,036,506		5,036,506
Income tax	10,615,437		10,615,437
Other local tax	208,172		208,172
Accounts	208,930	5,582,137	5,791,067
Accrued interest	142,143	120,304	262,447
Rehabilitation loans	5,932,563	424,798	6,357,361
Special assessments	56,890		56,890
Tax increment financing payments	535,869		535,869
Due from other governments	3,169,464		3,169,464
Internal balances	351,781	(351,781)	
Inventory of supplies		451,276	451,276
Prepaid expenses	288,731	132,982	421,713
Net pension asset	117,279	133,206	250,485
Net opeb asset	493,413	620,717	1,114,130
Capital assets (net of accumulated depreciation):			
Land	6,890,642	866,868	7,757,510
Buildings and systems	14,061,444	11,291,512	25,352,956
Improvements	5,781,488	367,157	6,148,645
Utility distribution and collection systems	3,611,961	134,532,536	138,144,497
Infrastructure	58,571,318		58,571,318
Machinery and equipment	7,746,095	8,718,949	16,465,044
Construction in progress	5,557,656	5,746,342	11,303,998
Total assets	<u>203,699,762</u>	<u>213,349,022</u>	<u>417,048,784</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amounts on refunding	291,990	1,230,358	1,522,348
Pension	19,894,768	5,680,282	25,575,050
Other post employment benefits	2,577,085	532,269	3,109,354
Total deferred outflows of resources	<u>22,763,843</u>	<u>7,442,909</u>	<u>30,206,752</u>
LIABILITIES			
Accounts payable	411,232	476,696	887,928
Contracts payable	483,433	1,930,469	2,413,902
Accrued wages and benefits	2,822,673	1,119,141	3,941,814
Payroll withholding payable	114,615	45,234	159,849
Consumer deposits payable		1,134,672	1,134,672
Claims payable	1,163,259		1,163,259
Accrued interest payable	16,733	488,158	504,891
Unearned revenues	599,590		599,590
Non-current liabilities:			
Due within one year	22,627,549	4,555,861	27,183,410
Due in more than one year:			
Net pension liability	65,155,157	17,798,005	82,953,162
Other post employment benefits liability	3,739,737		3,739,737
Other amounts due in more than one year	17,047,848	108,213,082	125,260,930
Total liabilities	<u>114,181,826</u>	<u>135,761,318</u>	<u>249,943,144</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	5,622,504		5,622,504
Pension	2,468,830	308,170	2,777,000
Other post employment benefits	3,694,709	355,119	4,049,828
Total deferred inflows of resources	<u>11,786,043</u>	<u>663,289</u>	<u>12,449,332</u>
NET POSITION			
Net investment in capital assets	89,072,537	50,338,713	139,411,250
Restricted for:			
Pension/opeb plans	610,692	753,923	1,364,615
Expendable:			
Public safety	11,729,693		11,729,693
Health	161,047		161,047
Culture and recreation	227,174		227,174
Community environment	8,237,935		8,237,935
Highways and streets	7,571,419		7,571,419
Debt service	3,617,494		3,617,494
General government	2,309,038		2,309,038
Nonexpendable:			
Health	693,820		693,820
Unrestricted	(23,735,113)	33,274,688	9,539,575
Total net position	<u>\$ 100,495,736</u>	<u>\$ 84,367,324</u>	<u>\$ 184,863,060</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Activities
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Public safety	\$ 32,514,856	\$ 25,216	\$ 3,056,623	\$ 87,936	\$ (29,345,081)	\$	\$ (29,345,081)
Health	578,889	197,495			(381,394)		(381,394)
Culture and recreation	3,375,286	234,642	202,266	400,888	(2,537,490)		(2,537,490)
Community environment	3,517,536	1,212,373	693,160	266,732	(1,345,271)		(1,345,271)
Highways and streets	6,809,844			9,490,931	2,681,087		2,681,087
General government	12,214,209	2,747,117	906,068	809,249	(7,751,775)		(7,751,775)
Interest	736,576				(736,576)		(736,576)
Total governmental activities	59,747,196	4,416,843	4,858,117	11,055,736	(39,416,500)		(39,416,500)
Business-type activities:							
Water	15,506,862	14,187,565				(1,319,297)	(1,319,297)
Special parks & recreation	271,880	248,042				(23,838)	(23,838)
Sanitation	6,084,878	5,819,183		809,249		543,554	543,554
Wastewater pollution control	19,370,111	22,106,175		1,800,000		4,536,064	4,536,064
Storm Water	642,357	1,501,405				859,048	859,048
Total business-type activities	41,876,088	43,862,370		2,609,249		4,595,531	4,595,531
Total primary government	\$ 101,623,284	\$ 48,279,213	\$ 4,858,117	\$ 13,664,985	(39,416,500)	4,595,531	(34,820,969)
General revenues:							
Property taxes					3,939,825		3,939,825
Municipal income taxes					37,880,190		37,880,190
Gasoline and motor vehicle taxes					3,872,119		3,872,119
Other local taxes					978,037		978,037
Payment in lieu of taxes - tax increment financing payments					1,005,292		1,005,292
Intergovernmental revenues and contributions not restricted to specific programs					1,887,984		1,887,984
Investment earnings					1,359,469	2,003,781	3,363,250
Miscellaneous					162,497	107,775	270,272
Total general revenues and transfers					51,085,413	2,111,556	53,196,969
Change in net position					11,668,913	6,707,087	18,376,000
Net position - beginning					88,826,823	77,660,237	166,487,060
Net position - ending					\$ 100,495,736	\$ 84,367,324	\$ 184,863,060

The notes to the basic financial statements are an integral part of this statement.

**City of Elyria, Ohio
Balance Sheet
Governmental Funds
December 31, 2024**

	General	2016 .50% Income Tax	American Rescue Plan Act	Chestnut Commons Connector Road	Public Works Complex Constructiton	Other Governmental Funds	Total Governmental Funds
ASSETS							
Equity in pooled cash and cash equivalents	\$ 7,868,727	\$ 4,117,876	\$ 633,304	\$ 71,464	\$ 21,000,000	\$ 16,604,389	\$ 50,295,760
Investments	7,723,714	2,898,516				7,314,544	17,936,774
Accounts receivable	112,561					96,369	208,930
Rehabilitation loans receivable						5,932,563	5,932,563
Accrued interest receivable	49,413	19,636				49,637	118,686
Due from other funds	35,265						35,265
Due from other governments	980,823					2,188,641	3,169,464
Income tax receivable	7,125,220	2,341,171				1,149,046	10,615,437
Property tax receivable	1,244,751					3,791,755	5,036,506
Other local tax receivable	140,654					67,518	208,172
Special assessments receivable						56,890	56,890
Tax increment financing payments receivable						535,869	535,869
Total assets	<u>\$ 25,281,128</u>	<u>\$ 9,377,199</u>	<u>\$ 633,304</u>	<u>\$ 71,464</u>	<u>\$ 21,000,000</u>	<u>\$ 37,787,221</u>	<u>\$ 94,150,316</u>
LIABILITIES							
Accounts payable	75,950	225,615	31,992			77,675	411,232
Contracts payable	265,845	117,849				94,000	477,694
Accrued wages and benefits	2,309,132	86,877	1,030			425,634	2,822,673
Payroll withholding payable	91,492	3,663	692			18,768	114,615
Unearned revenue			599,590				599,590
Due to other funds						35,265	35,265
Notes payable					21,000,000		21,000,000
Total liabilities	<u>2,742,419</u>	<u>434,004</u>	<u>633,304</u>		<u>21,000,000</u>	<u>651,342</u>	<u>25,461,069</u>
DEFERRED INFLOWS OF RESOURCES							
Property taxes	1,380,708					4,241,796	5,622,504
Unavailable revenues - special assessments						56,890	56,890
Unavailable revenues - other	<u>3,229,839</u>	<u>742,226</u>				<u>1,829,765</u>	<u>5,801,830</u>
Total deferred inflows of resources	<u>4,610,547</u>	<u>742,226</u>				<u>6,128,451</u>	<u>11,481,224</u>
FUND BALANCES							
Nonspendable						693,820	693,820
Restricted				71,464		30,035,783	30,107,247
Committed		8,200,969				283,295	8,484,264
Assigned	11,215,138						11,215,138
Unassigned (deficit)	<u>6,713,024</u>					<u>(5,470)</u>	<u>6,707,554</u>
Total fund balances (deficit)	<u>17,928,162</u>	<u>8,200,969</u>		<u>71,464</u>		<u>31,007,428</u>	<u>57,208,023</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,281,128</u>	<u>\$ 9,377,199</u>	<u>\$ 633,304</u>	<u>\$ 71,464</u>	<u>\$ 21,000,000</u>	<u>\$ 37,787,221</u>	<u>\$ 94,150,316</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2024

Governmental Fund Balances		\$ 57,208,023
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		102,220,604
Other assets are not available to pay for current period expenditures and therefore are deferred in the funds.		5,858,720
Deferred amounts on refunding are reported as deferred outflows of resources in the government-wide statements but are not reported in the governmental fund statements.		291,990
Internal service funds are used by management to charge the costs of employee health insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		5,295,686
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.		(18,675,397)
Accrued interest on long-term debt is not normally expected to be liquidated with available financial resources and therefore is not reported in the funds.		(16,733)
The expenditures for prepaid items are recognized immediately in the funds and therefore are not reported as an asset in the funds.		288,731
The net pension asset is not available in the current period; therefore it is not recorded in governmental funds		117,279
The net opeb asset is not available in the current period; therefore it is not recorded in governmental funds		493,413
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows / outflows are not reported in governmental funds:		
Deferred Outflows - Pension	\$ 19,894,768	
Deferred Inflows - Pension	(2,468,830)	
Net Pension Liability	(65,155,157)	
Deferred Outflows - Other Post Employment Benefits	2,577,085	
Deferred Inflows - Other Post Employment Benefits	(3,694,709)	
Net Other Post- Employment Benefits Liability	(3,739,737)	(52,586,580)
Net position of governmental activities		\$ 100,495,736

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	2016 .50% Income Tax	American Rescue Plan Act	Chestnut Commons Connector Road	Public Works Complex	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Property	\$ 936,962	\$	\$	\$	\$	\$ 3,002,863	\$ 3,939,825
Income	25,308,849	8,359,318				4,105,523	37,773,690
Other Local	978,037					949,098	1,927,135
Tax increment financing payments						1,005,292	1,005,292
Intergovernmental revenues	2,479,140	690,123	4,048,996			13,210,575	20,428,834
Charges for service	1,100,246					99,780	1,200,026
Licenses and permits	1,203,805						1,203,805
Investment income	619,253	236,052		1,756		502,408	1,359,469
Special assessments	48,091						48,091
Fines and forfeitures	478,996					1,723,684	2,202,680
Contributions	2,250					78,483	80,733
Miscellaneous revenues	45,850					116,647	162,497
Total Revenues	<u>33,201,479</u>	<u>9,285,493</u>	<u>4,048,996</u>	<u>1,756</u>		<u>24,794,353</u>	<u>71,332,077</u>
EXPENDITURES							
Current:							
Public safety	18,656,677	1,415,104	4,059,844			4,647,509	28,779,134
Health	388,966					89,672	478,638
Culture and recreation	2,219,830	50,231	123,733			52,354	2,446,148
Community environment	1,689,597	553,759	384,330			577,019	3,204,705
Highways and streets						2,301,960	2,301,960
General government	8,334,289	1,242,942	114,731			718,443	10,410,405
Capital outlay	1,052,436	5,032,078	1,679,468	49,304		10,969,633	18,782,919
Debt service:							
Principal retirement		376,247		5,200,000		1,189,646	6,765,893
Interest and fiscal charges		20,484				491,107	511,591
Total expenditures	<u>32,341,795</u>	<u>8,690,845</u>	<u>6,362,106</u>	<u>5,249,304</u>		<u>21,037,343</u>	<u>73,681,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>859,684</u>	<u>594,648</u>	<u>(2,313,110)</u>	<u>(5,247,548)</u>		<u>3,757,010</u>	<u>(2,349,316)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in						94,680	94,680
Transfers out						(94,680)	(94,680)
Issuance of long-term notes		220,000		5,200,000			5,420,000
Issuance of debt						1,624,741	1,624,741
Premiums from sale of bonds/notes						34,489	34,489
Total other financing sources (uses)		<u>220,000</u>		<u>5,200,000</u>		<u>1,659,230</u>	<u>7,079,230</u>
Net change in fund balances	859,684	814,648	(2,313,110)	(47,548)		5,416,240	4,729,914
Fund balances (deficit) - beginning	17,068,478	7,386,321	2,313,110	119,012		25,591,188	52,478,109
Fund balances (deficit) - ending	<u>\$ 17,928,162</u>	<u>\$ 8,200,969</u>	<u>\$</u>	<u>\$ 71,464</u>	<u>\$</u>	<u>\$ 31,007,428</u>	<u>\$ 57,208,023</u>

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds	\$ 4,729,914
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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 the estimated useful lives and reported as depreciation expense. This is the amount by which capital expenditures exceeded depreciation in the current period.	(10,293,756)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds until such amounts are measurable and available.	84,032
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Cash activity pertaining to bonded indebtedness, construction loans, compensated absences and financed purchases is recorded as revenues and expenditures of the funds but is applied directly to the obligations in the government-wide financial statements and is not recorded in the statement of changes in net position. In addition, increases in compensated absence liability are recorded in the statement of changes in net position but are not recorded in the funds.	378,095
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In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(2,888)
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Governmental funds report prepaid items such as insurance coverage as expenditures. However, in the Statement of Activities, the rest of those assets are expensed during the period to which the benefits relate.	50,657
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In the Statement of Activities, deferred amounts on refunding of debt are amortized over the life of the new debt or old debt, whichever is shorter, whereas the entire amount of the deferred amounts on refunding are shown as an other financing use in the statement of changes in net position.	55,241
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In the Statement of Activities, premiums on the issuance of long-term bonds are amortized over the life of the debt instruments, whereas in the governmental funds, the premiums are reported as an other financing source.	(138,148)
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Internal service funds are used by management to charge the costs of employees' health insurance and workers' compensation insurance. The net expense of certain activities of internal service funds is reported with governmental activities.	(1,081,741)
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Except for amounts reported as deferred: inflows / outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities	17,887,507
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Change in net position of governmental activities.	\$ 11,668,913
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The notes to the basic financial statements are an integral part of this statement.

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

GENERAL FUND				
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 25,225,500	\$ 25,225,500	\$ 28,794,279	\$ 3,568,779
Intergovernmental revenues	115,000	115,000	345,637	230,637
Charges for services	823,000	823,000	1,057,732	234,732
Licenses and permits	747,900	747,900	1,203,806	455,906
Interest earnings	100,000	100,000	656,408	556,408
Special assessments			48,091	48,091
Fines and forfeitures	150,000	150,000	452,806	302,806
Miscellaneous revenues	415,000	415,000	705,706	290,706
TOTAL REVENUES	<u>27,576,400</u>	<u>27,576,400</u>	<u>33,264,465</u>	<u>5,688,065</u>
EXPENDITURES				
PUBLIC SAFETY				
Police				
Personal services	5,357,040	5,339,040	4,882,265	456,775
Fringe benefits	1,774,140	1,774,140	1,811,652	(37,512)
Operation and maintenance	1,095,145	1,113,145	988,407	124,738
Capital outlay	6,559	6,559	6,559	
Total Police	<u>8,232,884</u>	<u>8,232,884</u>	<u>7,688,883</u>	<u>544,001</u>
Fire				
Personal services	6,287,165	6,677,165	6,396,357	280,808
Fringe benefits	2,837,850	2,837,850	2,657,656	180,194
Operation and maintenance	955,200	970,200	923,680	46,520
Capital outlay	950,000	981,000		981,000
Total Fire	<u>11,030,215</u>	<u>11,466,215</u>	<u>9,977,693</u>	<u>1,488,522</u>
Communications				
Personal services	132,427	129,427	117,332	12,095
Fringe benefits	46,022	47,022	46,269	753
Operation and maintenance	52,400	54,400	53,106	1,294
Total Communications	<u>230,849</u>	<u>230,849</u>	<u>216,707</u>	<u>14,142</u>
Safety Service				
Personal services	201,078	201,078	166,029	35,049
Fringe benefits	52,749	52,749	51,137	1,612
Operation and maintenance	12,500	12,500	6,152	6,348
Total Safety Service	<u>266,327</u>	<u>266,327</u>	<u>223,318</u>	<u>43,009</u>
Prisoner Support				
Operation and maintenance	10,000	10,000	1,155	8,845
Total Prisoner Support	<u>10,000</u>	<u>10,000</u>	<u>1,155</u>	<u>8,845</u>
TOTAL PUBLIC SAFETY	<u>19,770,275</u>	<u>20,206,275</u>	<u>18,107,756</u>	<u>2,098,519</u>

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

GENERAL FUND				
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
HEALTH				
Cemetery				
Personal services	299,300	299,300	259,056	40,244
Fringe benefits	101,726	101,726	96,562	5,164
Operation and maintenance	41,000	41,000	29,965	11,035
Total Cemetery	<u>442,026</u>	<u>442,026</u>	<u>385,583</u>	<u>56,443</u>
TOTAL HEALTH	<u>442,026</u>	<u>442,026</u>	<u>385,583</u>	<u>56,443</u>
CULTURE AND RECREATION				
Parks and Recreation				
Personal services	1,025,924	1,030,924	1,016,166	14,758
Fringe benefits	342,156	372,156	371,988	168
Operation and maintenance	416,225	416,225	360,231	55,994
Total Parks and Recreation	<u>1,784,305</u>	<u>1,819,305</u>	<u>1,748,385</u>	<u>70,920</u>
Summer Camp				
Personal services	25,000	25,970	25,970	
Fringe benefits	4,112	4,273	4,272	1
Operation and maintenance	10,000	8,869	5,867	3,002
Total Summer Camp	<u>39,112</u>	<u>39,112</u>	<u>36,109</u>	<u>3,003</u>
Swimming Pools				
Personal services	124,951	79,951	63,311	16,640
Fringe benefits	28,284	20,284	13,433	6,851
Operation and maintenance	158,200	158,200	152,048	6,152
Total Swimming Pools	<u>311,435</u>	<u>258,435</u>	<u>228,792</u>	<u>29,643</u>
Ice Rink				
Personal services	87,625	87,625	77,380	10,245
Fringe benefits	22,792	22,792	15,747	7,045
Operation and maintenance	143,500	153,500	140,059	13,441
Total Ice Rink	<u>253,917</u>	<u>263,917</u>	<u>233,186</u>	<u>30,731</u>
TOTAL CULTURE AND RECREATION	<u>2,388,769</u>	<u>2,380,769</u>	<u>2,246,472</u>	<u>134,297</u>

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

	GENERAL FUND			
	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	with Final Budget Positive (Negative)
COMMUNITY ENVIRONMENT				
Community Planning and Zoning				
Personal services	112,715	112,715	84,409	28,306
Fringe benefits	33,860	33,860	27,789	6,071
Operation and maintenance	119,245	119,245	99,160	20,085
Total Community Planning and Zoning	265,820	265,820	211,358	54,462
Community Development				
Personal services	195,678	195,678	158,612	37,066
Fringe benefits	67,834	67,834	55,949	11,885
Operation and maintenance	127,340	127,340	100,940	26,400
Total Community Development	390,852	390,852	315,501	75,351
TLCI Grant				
Operation and maintenance		301,210	167,468	133,742
Total TLCI Grant		301,210	167,468	133,742
Housing Code Enforcement				
Personal services	825,488	825,488	695,321	130,167
Fringe benefits	326,967	326,967	278,802	48,165
Operation and maintenance	296,300	296,300	266,636	29,664
Total Housing Code Enforcement	1,448,755	1,448,755	1,240,759	207,996
TOTAL COMMUNITY ENVIRONMENT	2,105,427	2,406,637	1,935,086	471,551
GENERAL GOVERNMENT				
Mayor				
Personal services	162,150	162,150	150,632	11,518
Fringe benefits	79,440	79,440	73,570	5,870
Operation and maintenance	13,500	13,500	6,988	6,512
Total Mayor	255,090	255,090	231,190	23,900
Administrative Support				
Personal services	50,360	51,360	50,356	1,004
Fringe benefits	17,310	25,310	24,665	645
Operation and maintenance	4,250	4,250	2,216	2,034
Total Administrative Support	71,920	80,920	77,237	3,683
Information Technology				
Personal services	158,949	158,949	148,929	10,020
Fringe benefits	46,351	46,351	44,981	1,370
Operation and maintenance	8,500	8,500	3,991	4,509
Total Information Technology	213,800	213,800	197,901	15,899
JEDD Income Tax Department				
Operation and maintenance	20,500	20,500	16,310	4,190
Total JEDD Income Tax Department	20,500	20,500	16,310	4,190

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

GENERAL FUND			
	<u>Budgeted Amounts</u>		Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Human Resources			
Personal services	92,299	92,299	85,917
Fringe benefits	24,126	26,126	25,910
Operation and maintenance	131,000	129,000	75,729
Total Human Resources	<u>247,425</u>	<u>247,425</u>	<u>187,556</u>
Finance Administration			
Personal services	547,470	547,470	505,765
Fringe benefits	197,481	197,481	149,668
Operation and maintenance	19,400	19,400	7,904
Total Finance Administration	<u>764,351</u>	<u>764,351</u>	<u>663,337</u>
Legal Administration			
Personal services	649,287	649,287	585,814
Fringe benefits	223,100	223,100	213,012
Operation and maintenance	66,700	66,700	63,907
Total Legal Administration	<u>939,087</u>	<u>939,087</u>	<u>862,733</u>
Legislative Activity			
Personal services	304,300	307,300	305,981
Fringe benefits	243,931	240,931	230,882
Operation and maintenance	30,500	30,500	16,573
Total Legislative Activity	<u>578,731</u>	<u>578,731</u>	<u>553,436</u>
Judge1			
Personal services	774,951	774,951	716,446
Fringe benefits	306,734	306,734	298,050
Operation and maintenance	45,900	45,900	28,913
Total Judge1	<u>1,127,585</u>	<u>1,127,585</u>	<u>1,043,409</u>
Judge2			
Personal services	602,905	602,905	571,471
Fringe benefits	225,844	225,844	223,309
Operation and maintenance	55,080	55,080	21,955
Total Judge2	<u>883,829</u>	<u>883,829</u>	<u>816,735</u>
Clerk of Courts			
Personal services	1,201,541	1,188,541	1,134,029
Fringe benefits	435,044	435,044	411,995
Operation and maintenance	107,828	120,828	99,879
Total Clerk of Courts	<u>1,744,413</u>	<u>1,744,413</u>	<u>1,645,903</u>
Civil Service Commission			
Personal services	38,265	38,265	35,765
Fringe benefits	8,318	8,318	7,578
Operation and maintenance	61,200	61,200	26,411
Total Civil Service Commission	<u>107,783</u>	<u>107,783</u>	<u>69,754</u>

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CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
GENERAL FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

	GENERAL FUND			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
Buildings and Lands				
Personal services	251,407	261,407	260,255	1,152
Fringe benefits	95,206	105,206	104,221	985
Operation and maintenance	725,750	715,750	660,543	55,207
Capital outlay		143,000	142,686	314
Total Buildings and Lands	1,072,363	1,225,363	1,167,705	57,658
Engineering				
Personal services	155,186	155,186	152,562	2,624
Fringe benefits	40,520	40,520	37,423	3,097
Operation and maintenance	25,300	25,300	17,393	7,907
Capital Outlay	1,000			
Total Engineering	222,006	221,006	207,378	13,628
Central Maintenance Garage				
Personal services	389,137	389,137	341,492	47,645
Fringe benefits	136,893	136,893	127,408	9,485
Operation and maintenance	762,400	762,400	591,591	170,809
Total Central Maintenance Garage	1,288,430	1,288,430	1,060,491	227,939
Miscellaneous General Government				
Operation and maintenance	2,963,500	2,963,500	2,827,264	136,236
Capital outlay	69,253	3,769,253	873,236	2,896,017
Total Miscellaneous General Government	3,032,753	6,732,753	3,700,500	3,032,253
TOTAL GENERAL GOVERNMENT	12,570,066	16,431,066	12,501,575	3,929,491
TOTAL EXPENDITURES	37,276,563	41,866,773	35,176,472	6,690,301
Excess (deficiency) of revenues over expenditures	(9,700,163)	(14,290,373)	(1,912,007)	12,378,366
OTHER FINANCING SOURCES (USES)				
Transfers in			34,898	34,898
Transfers out	(400,000)	(400,000)		400,000
Other financing sources	1,750,000	1,750,000	2,296,840	546,840
TOTAL OTHER FINANCING SOURCES (USES)	1,350,000	1,350,000	2,331,738	981,738
Net change in fund balances	(8,350,163)	(12,940,373)	419,731	13,360,104
Adjustment for prior year encumbrances	1,196,688	1,196,688	1,196,688	
FUND BALANCE AT BEGINNING OF YEAR	12,931,043	12,931,043	12,931,043	
FUND BALANCE AT END OF YEAR	\$ 5,777,568	\$ 1,187,358	\$ 14,547,462	\$ 13,360,104

The notes to the basic financial statements are an integral part of this statement.

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
2016 .50% INCOME TAX FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

2016 .50% INCOME TAX FUND				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	\$ 7,099,000	\$ 7,099,000	\$ 8,322,145	\$ 1,223,145
Intergovernmental revenues	500,000	500,000	690,123	190,123
Interest earnings	75,000	75,000	217,706	142,706
Miscellaneous revenue	100,000	100,000	165,431	65,431
TOTAL REVENUES	7,774,000	7,774,000	9,395,405	1,621,405
EXPENDITURES				
PUBLIC SAFETY				
2016 .50% INCOME TAX POLICE				
Personal services	925,600	900,600	871,710	28,890
Fringe benefits	335,630	360,630	359,523	1,107
Operation and maintenance	495,000	495,000	215,635	279,365
Capital outlay	597,600	597,600	288,232	309,368
Total 2016 .50% INCOME TAX POLICE	2,353,830	2,353,830	1,735,100	618,730
TOTAL PUBLIC SAFETY	2,353,830	2,353,830	1,735,100	618,730
CULTURE AND RECREATION				
2016 .50% INCOME TAX PARKS & REC				
Capital outlay	2,044,000	2,044,000	1,379,570	664,430
Total 2016 .50% INCOME TAX PARKS & REC	2,044,000	2,044,000	1,379,570	664,430
TOTAL CULTURE AND RECREATION	2,044,000	2,044,000	1,379,570	664,430
COMMUNITY ENVIRONMENT				
2016 .50% INCOME TAX CAPITAL NEEDS				
Capital outlay	2,740,129	2,920,129	2,401,758	518,371
Debt service	347,500	347,500	347,412	88
Total 2016 .50% INCOME TAX CAPITAL NEEDS	3,087,629	3,267,629	2,749,170	518,459
TOTAL COMMUNITY ENVIRONMENT	3,087,629	3,267,629	2,749,170	518,459
HIGHWAYS AND STREETS				
2016 .50% INCOME TAX STREET REPAIR				
Capital outlay	2,806,551	2,806,551	2,723,100	83,451
Total 2016 .50% INCOME TAX STREET REPAIR	2,806,551	2,806,551	2,723,100	83,451
TOTAL HIGHWAYS AND STREETS	2,806,551	2,806,551	2,723,100	83,451

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CITY OF ELYRIA, OHIO
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
2016 .50% INCOME TAX FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024**

	2016 .50% INCOME TAX FUND			
	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT				
2016 .50% INCOME TAX ECONOMIC DEVELOPMENT				
Operation and maintenance	1,002,963	1,002,963	922,867	80,096
Total 2016 .50% INCOME TAX ECONOMIC DEVELOPMENT	1,002,963	1,002,963	922,867	80,096
2016 .50% INCOME TAX BASIC SERVICES				
Operation and maintenance	1,622,000	1,622,000	1,538,449	83,551
Total 2016 .50% INCOME TAX BASIC SERVICES	1,622,000	1,622,000	1,538,449	83,551
TOTAL GENERAL GOVERNMENT	2,624,963	2,624,963	2,461,316	163,647
TOTAL EXPENDITURES	12,916,973	13,096,973	11,048,256	2,048,717
Excess (deficiency) of revenues over expenditures	(5,142,973)	(5,322,973)	(1,652,851)	3,670,122
OTHER FINANCING SOURCES				
Proceeds of note sale	220,000	220,000	220,000	
Other financing sources			6,016	6,016
TOTAL OTHER FINANCING SOURCES	220,000	220,000	226,016	6,016
Net change in fund balance	(4,922,973)	(5,102,973)	(1,426,835)	3,676,138
Adjustment for prior year encumbrances	2,004,842	2,004,842	2,004,842	
FUND BALANCE AT BEGINNING OF YEAR	4,031,851	4,031,851	4,031,851	
FUND BALANCE AT END OF YEAR	\$ 1,113,720	\$ 933,720	\$ 4,609,858	\$ 3,676,138

The notes to the basic financial statements are an integral part of this statement.

CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
AMERICAN RESCUE PLAN ACT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts			Variance
	Original	Final	Actual	with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues	\$ 1,300,413	\$ 1,300,413	\$ 1,300,413	\$
TOTAL REVENUES	1,300,413	1,300,413	1,300,413	
EXPENDITURES				
PUBLIC SAFETY				
REV REPL - GOVT SVCS - FIRE				
Personal services	890,096	953,765	953,764	1
Fringe benefits	492,099	420,091	420,091	
Operation and maintenance	12,500	1,425	1,425	
Total REV REPL - GOVT SVCS - FIRE	1,394,695	1,375,281	1,375,280	1
REV REPL - GOVT SVCS - POLICE				
Personal services	1,058,276	1,097,567	1,097,566	1
Fringe benefits	493,110	499,365	499,364	1
Total REV REPL - GOVT SVCS - POLICE	1,551,386	1,596,932	1,596,930	2
REV REPL - COMMUNITY VIOLENCE - STATE OF OH POLICE				
Personal services	1,005,246	1,086,734	1,086,734	
Fringe benefits	307,109	225,621	219,332	6,289
Operation and maintenance	124,243	124,243	119,821	4,422
Total REV REPL - COMMUNITY VIOLENCE - STATE OF OH POLICE	1,436,598	1,436,598	1,425,887	10,711
TOTAL PUBLIC SAFETY	4,382,679	4,408,811	4,398,097	10,714
CULTURE AND RECREATION				
REV REPL - PARKS AND RECREATION				
Personal services	86,100	73,829	73,719	110
Fringe benefits	14,211	18,014	18,014	
Operation and maintenance	33,300	32,000	32,000	
Total REV REPL - PARKS AND RECREATION	133,611	123,843	123,733	110
TOTAL CULTURE AND RECREATION	133,611	123,843	123,733	110

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CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
AMERICAN RESCUE PLAN ACT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

	AMERICAN RESCUE PLAN ACT FUND			
	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
COMMUNITY ENVIRONMENT				
NEG ECON IMP - ESSENTIAL SVCS				
Operation and maintenance	56,872	18,870	18,869	1
Total NEG ECON IMP - ESSENTIAL SVCS	56,872	18,870	18,869	1
PUBLIC HEALTH - COMMUNITY VIOLENCE				
Operation and maintenance	42,994	28,091	28,091	
Total PUBLIC HEALTH - COMMUNITY VIOLENCE	42,994	28,091	28,091	
NEG ECON IMP - HOME BEAUTIFICATION PROGRAM				
Personal services	35,000	37,243	37,243	
Fringe benefits	15,000	11,702	11,702	
Operation and maintenance	333,796	300,501	300,500	1
Total NEG ECON IMP - HOME BEAUTIFICATION PROG	383,796	349,446	349,445	1
TOTAL COMMUNITY ENVIRONMENT	483,662	396,407	396,405	2
HIGHWAYS AND STREETS				
REV REPL - GOVT SVCS - STREETS				
Capital outlay	870,220	870,220	870,219	1
Total REV REPL - GOVT SVCS - STREETS	870,220	870,220	870,219	1
TOTAL HIGHWAYS AND STREETS	870,220	870,220	870,219	1

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CITY OF ELYRIA, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)-
AMERICAN RESCUE PLAN ACT FUND-LEGAL APPROPRIATION LEVEL
FOR THE YEAR ENDED DECEMBER 31, 2024

	AMERICAN RESCUE PLAN ACT FUND			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
GENERAL GOVERNMENT				
REV REPL - GOVT SVCS - MUNI CT				
Personal services	41,709	30,027	30,026	1
Fringe benefits	10,948	5,468	5,468	
Operation and maintenance	129,050	139,951	138,034	1,917
Total REV REPL - GOVT SVCS - MUNI CT	181,707	175,446	173,528	1,918
REV REPL - GOVT SVCS - SANITATION				
Capital outlay	1,213,874	1,213,874	1,213,874	
Total REV REPL - GOVT SVCS - SANITATION	1,213,874	1,213,874	1,213,874	
REV REPL - GOVT SVCS - MISCELLANEOUS				
Operation and maintenance	19,879	102,223	19,879	82,344
Total REV REPL - GOVT SVCS - MISCELLANEOUS	19,879	102,223	19,879	82,344
TOTAL GENERAL GOVERNMENT	1,415,460	1,491,543	1,407,281	84,262
TOTAL EXPENDITURES	7,285,632	7,290,824	7,195,735	95,089
Net change in fund balance	(5,985,219)	(5,990,411)	(5,895,322)	95,089
Adjustment for prior year encumbrances	2,312,109	2,312,109	2,312,109	
FUND BALANCE AT BEGINNING OF YEAR	3,673,109	3,673,109	3,673,109	
FUND BALANCE AT END OF YEAR	\$ (1)	\$ (5,193)	\$ 89,896	\$ 95,089

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2024

	Business-type Activities-Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control	Storm Water	Totals	
ASSETS							
Current Assets:							
Equity in pooled cash and cash equivalents	\$ 3,789,561	\$ 394,873	\$ 877,013	\$ 8,483,518	\$ 6,059,948	\$ 19,604,913	\$ 2,626,979
Segregated cash and cash equivalents	736,337			4,158,601		4,894,938	
Restricted cash (consumer deposits)	204,073			204,074		408,147	
Investments	8,432,151		798,499	8,718,564	1,854,807	19,804,021	3,462,467
Interest receivable	52,134		4,684	52,606	10,880	120,304	23,457
Accounts receivable (net of allowance for uncollectibles)	1,693,149		765,280	2,824,747	298,961	5,582,137	
Rehabilitation loans receivable				424,798		424,798	
Inventories	348,336			102,940		451,276	
Prepaid items	43,992		25,006	63,984		132,982	
Total current assets	15,299,733	394,873	2,470,482	25,033,832	8,224,596	51,423,516	6,112,903
Noncurrent Assets:							
Net pension asset	50,372	649	24,648	57,537		133,206	
Net opeb asset	224,053	31,120	109,629	255,915		620,717	
Capital assets:							
Land	121,836		20,744	724,288		866,868	
Buildings	17,400,400	156,826	311,824	28,265,895		46,134,945	
Improvements other than buildings	6,891,393	171,020	58,000	21,059,950	25,150	28,205,513	
Utility distribution and collection systems	56,896,361	20,000		131,840,084	1,673,948	190,430,393	
Machinery and equipment	10,179,746	146,424	7,430,588	12,654,609	21,680	30,433,047	
Construction in progress	2,464,600		175,000	3,106,742		5,746,342	
Less accumulated depreciation	(45,653,959)	(481,143)	(5,377,329)	(88,541,336)	(239,977)	(140,293,744)	
Total capital assets (net of accumulated depreciation)	48,300,377	13,127	2,618,827	109,110,232	1,480,801	161,523,364	
Total noncurrent assets:	48,574,802	44,896	2,753,104	109,423,684	1,480,801	162,277,287	
Total assets	63,874,535	439,769	5,223,586	134,457,516	9,705,397	213,700,803	6,112,903
DEFERRED OUTFLOWS OF RESOURCES							
Deferred amounts on refunding	410,663			819,695		1,230,358	
Pension	2,147,617	34,220	1,045,157	2,453,161	127	5,680,282	
Other post employment benefits	196,214	2,579	105,484	227,992		532,269	
Total deferred outflows of resources	2,754,494	36,799	1,150,641	3,500,848	127	7,442,909	

(Continued on subsequent page)

City of Elyria, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2024

Business-type Activities-Enterprise Funds

	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control	Storm Water	Totals	Governmental Activities - Internal Service Funds
LIABILITIES							
Current liabilities:							
Accounts payable	253,632	2,724	14,232	88,218	117,890	476,696	
Accrued wages and benefits	460,880	3,381	157,104	497,195	581	1,119,141	
Payroll withholding payable	17,292		7,220	20,332	390	45,234	
Consumer deposits payable	567,336			567,336		1,134,672	
Claims payable							1,163,259
Contracts payable	1,068,655	184	158,692	695,377	7,561	1,930,469	5,739
Accrued interest payable	179,919			308,239		488,158	
General obligation notes - current			100,000			100,000	
General obligation bonds - current	890,000			1,344,466		2,234,466	
Construction loans payable - current	450,053			1,452,752		1,902,805	
Financed purchases payable - current				316,254		316,254	
Total current liabilities	<u>3,887,767</u>	<u>6,289</u>	<u>437,248</u>	<u>5,290,169</u>	<u>126,422</u>	<u>9,747,895</u>	<u>1,168,998</u>
Noncurrent liabilities:							
General obligation notes			150,000				
General obligation bonds payable (net of unamortized discounts)	14,978,000			29,903,209		44,881,209	
Compensated absences - long-term	395,289		126,423	447,645		969,357	
Construction loans payable - long-term	8,505,123			52,504,981		61,010,104	
Financed purchases payable				1,204,748		1,204,748	
Pension	6,730,309	87,017	3,293,201	7,687,478		17,798,005	
Total noncurrent liabilities	<u>30,608,721</u>	<u>87,017</u>	<u>3,569,624</u>	<u>91,748,061</u>		<u>125,863,423</u>	
Total liabilities	<u>34,496,488</u>	<u>93,306</u>	<u>4,006,872</u>	<u>97,038,230</u>	<u>126,422</u>	<u>135,611,318</u>	<u>1,168,998</u>
DEFERRED INFLOW OF RESOURCES							
Pension	7,064	24,815	189,346	86,901	44	308,170	
Other post employment benefits	128,369	17,587	62,730	146,433		355,119	
Total deferred inflow of resources	<u>135,433</u>	<u>42,402</u>	<u>252,076</u>	<u>233,334</u>	<u>44</u>	<u>663,289</u>	
NET POSITION							
Net investment in capital assets	23,457,338	13,127	2,368,827	23,018,620	1,480,801	50,338,713	
Restricted for pension/opeb plans	274,425	31,769	134,277	313,452		753,923	
Unrestricted	8,265,345	295,964	(387,825)	17,354,728	8,098,257	33,626,469	4,943,905
Total net position	<u>\$ 31,997,108</u>	<u>\$ 340,860</u>	<u>\$ 2,115,279</u>	<u>\$ 40,686,800</u>	<u>\$ 9,579,058</u>	<u>\$ 84,719,105</u>	<u>\$ 4,943,905</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						(351,781)	
Net position of business-type activities						<u>\$ 84,367,324</u>	

The notes to the basic financial statements are an integral part of this statement.

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

	Business-type Activities- Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control	Storm Water	Totals	
Operating revenues:							
Charges for sales and services	\$ 14,086,214	\$ 248,042	\$ 5,819,183	\$ 21,686,900	\$ 1,501,405	\$ 43,341,744	\$ 9,265,349
Tap fees	101,351			419,275		520,626	
Other		95,794		11,981		107,775	95,115
Total operating revenues	<u>14,187,565</u>	<u>343,836</u>	<u>5,819,183</u>	<u>22,118,156</u>	<u>1,501,405</u>	<u>43,970,145</u>	<u>9,360,464</u>
Operating expenses:							
Personal services	4,982,216	64,690	2,154,294	6,185,562	107,735	13,494,497	
Fringe benefits	1,694,131	7,604	856,600	2,476,690	35,006	5,070,031	10,483,853
Operating and maintenance	5,820,034	197,572	2,693,959	4,283,798	453,587	13,448,950	130,163
Depreciation	2,119,963	2,067	384,311	4,363,840	45,643	6,915,824	
Total operating expenses	<u>14,616,344</u>	<u>271,933</u>	<u>6,089,164</u>	<u>17,309,890</u>	<u>641,971</u>	<u>38,929,302</u>	<u>10,614,016</u>
Operating income (loss)	<u>(428,779)</u>	<u>71,903</u>	<u>(269,981)</u>	<u>4,808,266</u>	<u>859,434</u>	<u>5,040,843</u>	<u>(1,253,552)</u>
Nonoperating revenues (expenses) :							
Investment income	993,698		28,130	685,639	296,314	2,003,781	229,443
Interest expense	(908,001)		(10,938)	(2,085,479)		(3,004,418)	
Total nonoperating revenue (expenses)	<u>85,697</u>		<u>17,192</u>	<u>(1,399,840)</u>	<u>296,314</u>	<u>(1,000,637)</u>	<u>229,443</u>
Capital grants/contributions			809,249	1,800,000		2,609,249	
Changes in net position	(343,082)	71,903	556,460	5,208,426	1,155,748	6,649,455	(1,024,109)
Total net position - beginning	32,340,190	268,957	1,558,819	35,478,374	8,423,310		5,968,014
Total net position - ending	<u>\$ 31,997,108</u>	<u>\$ 340,860</u>	<u>\$ 2,115,279</u>	<u>\$ 40,686,800</u>	<u>\$ 9,579,058</u>		<u>\$ 4,943,905</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.						57,632	
Change in net position of business - type activities						<u>\$ 6,707,087</u>	

The notes to the basic financial statements are an integral part of this statement.

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

	Business-type Activities- Enterprise Funds						Governmental Activities - Internal Service Funds
	Water	Special Parks and Recreation	Sanitation	Wastewater Pollution Control	Storm Water	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 14,319,710	\$ 248,042	\$ 5,791,150	\$ 21,925,323	\$ 1,574,308	\$ 43,858,533	\$ 1,251,082
Cash received from interfund services provided							8,014,267
Cash payments to suppliers for goods and services	(7,330,890)	(207,492)	(3,706,281)	(6,739,526)	(474,691)	(18,458,880)	(10,470,370)
Cash payments to employees for services	(4,806,037)	(65,621)	(2,035,396)	(6,185,562)	(107,735)	(13,200,351)	
Other operating revenues		95,794		11,981		107,775	95,115
Net cash provided by (used for) operating activities	2,182,783	70,723	49,473	9,012,216	991,882	12,307,077	(1,109,906)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from issuance of bonds/notes/construction loans	510,492		250,000	12,833,927		13,594,419	
Acquisition and construction of capital assets	(2,258,114)		(175,000)	(15,273,192)	(179,629)	(17,885,935)	
Principal and interest paid on notes, bonds and loans payable	(2,404,688)		(310,938)	(5,003,778)		(7,719,404)	
Net cash provided by (used for) capital and related financing activities	(4,152,310)		(235,938)	(7,443,043)	(179,629)	(12,010,920)	
CASH FLOWS FROM NON-CASH FINANCING AND INVESTING ACTIVITIES							
Interest on investments	939,155		22,291	625,539	282,750	1,869,735	212,867
Purchase of short-term investments	(1,592,979)		(21,568)	(1,601,910)	(50,100)	(3,266,557)	(104,333)
Net cash provided by (used for) investing activities	(653,824)		723	(976,371)	232,650	(1,396,822)	108,534
Net increase (decrease) in cash and cash equivalents	(2,623,351)	70,723	(185,742)	592,802	1,044,903	(1,100,665)	(1,001,372)
Cash and cash equivalents, January 1	7,353,322	324,150	1,062,755	12,253,391	5,015,045	26,008,663	3,628,351
Cash and cash equivalents, December 31	\$ 4,729,971	\$ 394,873	\$ 877,013	\$ 12,846,193	\$ 6,059,948	\$ 24,907,998	\$ 2,626,979
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:							
Operating income (loss)	\$ (428,799)	\$ 71,903	\$ (269,981)	\$ 4,808,266	\$ 859,434	\$ 5,040,823	\$ (1,253,552)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	2,119,963	2,067	384,311	4,363,840	45,643	6,915,824	
Changes in assets and liabilities:							
Accounts receivable	92,809		(28,033)	(220,188)	72,903	(82,509)	
Rehabilitation loans receivable	232,856			(53,143)		179,713	
Inventory of supplies	(16,587)			(4,902)		(21,489)	
Prepaid expenses	(5,654)		(4,149)	(2,920)		(12,723)	
Net pension asset	(10,028)	196	(2,411)	(10,399)		(22,642)	
Net opeb asset	(224,053)	(31,120)	(109,629)	(255,915)		(620,717)	
Accounts payable	113,502	2,704	4,994	(23,766)	9,643	107,077	
Contracts payable relating to operating activities	(39,358)	\$ 184	52,295	96,391	4,586	114,098	4,406
Accrued wages and benefits	71,589	(2,209)	(14,843)	30,649	(189)	84,997	
Payroll withholding payable	(17,435)	(840)	(8,834)	(17,838)	(160)	(45,107)	
Compensated absences payable	52,662		(10,975)	(27,416)		14,271	
Claims payable							139,240
Deferred outflows - pension	1,022,145	54,826	671,437	1,247,549	41	2,995,998	
Deferred outflows - other post employment benefits	271,226	8,083	151,981	318,143		749,433	
Net pension liability	(863,960)	(72,332)	(892,586)	(1,185,459)		(3,014,337)	
Net other post employment benefits liability	(156,356)	(3,280)	(86,183)	(182,686)		(428,505)	
Deferred inflows - pension	(93,973)	24,036	178,727	50,046	(19)	158,817	
Deferred inflows - other post employment benefits	62,234	16,505	33,352	81,964		194,055	
Total adjustments	2,611,582	(1,180)	319,454	4,203,950	132,448	7,266,254	143,646
Net cash provided by (used for) operating activities	\$ 2,182,783	\$ 70,723	\$ 49,473	\$ 9,012,216	\$ 991,882	\$ 12,307,077	\$ (1,109,906)
Noncash investing, capital, and financing activities							
Unrealized appreciation (depreciation) in fair value of investments	\$ (2,818)	\$	\$ (933)	\$ (5,923)	\$ (2,168)	\$ (11,842)	\$ 3,098
Capital contribution received from the general government			809,249			809,249	
Principal on construction loan forgiven by lender	270,651			1,800,000		2,070,651	
Total noncash investing, capital and financing activities	\$ 267,833	\$	\$ 808,316	\$ 1,794,077	\$ (2,168)	\$ 2,868,058	\$ 3,098

The notes to the basic financial statements are an integral part of this statement.

City of Elyria, Ohio
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2024

ASSETS

Equity in pooled cash and cash equivalents	\$ 794,579
Cash and cash equivalents-segregated accounts	699,114
Investments	58,699
Receivables:	
Accounts	647
Interest	397
Property taxes	3,358,285
Income taxes	14,772
Total assets	<u>4,926,493</u>

LIABILITIES

Accounts payable	166,686
Due to other governments	3,408,071
Other liabilities	534,262
Total liabilities	<u>4,109,019</u>

NET POSITION

Restricted for individuals, organizations and other governments	<u>\$ 817,474</u>
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The notes to the basic financial statements are an integral part of this statement.

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

ADDITIONS

Property tax	\$ 3,274,459
Income tax	173,599
Fees, licenses and permits	19,192
Fines and forfeitures	5,073,372
Interest	6,512
Miscellaneous	62,539
Total Additions	<u>8,609,673</u>

DEDUCTIONS

Payments to other governments	8,478,105
Payments to contractors	24,200
Miscellaneous	101,600
Total Deductions	<u>8,603,905</u>

Change in Net Position	5,768
Net Position Beginning of Year	811,706
Net Position End of Year	<u>\$ 817,474</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 – DESCRIPTION OF CITY OPERATIONS

(A) THE CITY

The City of Elyria (the “City”) was incorporated on February 23, 1833 under the laws of the State of Ohio. The City operates under a Mayor-Council form of government as provided by its Charter adopted on November 2, 1965.

(B) THE REPORTING ENTITY

The City has followed the provisions of Statement No. 14, Statement No. 39, and Statement No. 61 of the Governmental Accounting Standards Board (“GASB Statement No. 14” and “GASB Statement No. 39”) regarding the definition of its financial reporting entity. For financial reporting purposes, the City’s reporting entity includes all funds, agencies, boards and commissions for which the City is financially accountable, as well as any organizations that raise or hold economic resources for the direct benefit of the City. The notion of financial accountability includes not only the organizations that constitute the City’s legal entity; it also can include legally separate organizations in certain instances. Legally separate organizations are included in the reporting entity if the City’s officials appoint a voting majority of an organization’s governing body and, as a result, the City is able to either impose its will on that organization or there is a potential for the organization to provide specific benefits to, or to impose specific financial burdens on the City. On this basis, the reporting entity of the City includes the following services: public safety (police and fire), health (health department), culture and recreation (parks and recreation), community environment (planning, zoning and community development), basic utility services (water, sanitation, wastewater pollution control, and storm water), highways and streets (street and highway maintenance), and general government (administrative services including the municipal court). In addition, no other organization raises and holds resources for the direct benefit of the City.

Included as part of the City’s primary government in the determination of the City’s reporting entity is the Elyria Municipal Court (the “Court”). Although the Court’s territorial jurisdiction extends beyond the boundaries of the City and the Judges of the Court are separately elected, the Court’s operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court, establishing the compensation of certain Court employees, and is ultimately responsible for any operating deficits sustained by the Court. The City’s share of the fines collected by the Court, along with its share of the Court’s administration and operating costs are recorded in the City’s General Fund. Monies held by the Court in a fiduciary capacity are included in a custodial fund in the accompanying financial statements.

The following entities which conduct their activities near or within the City’s boundaries for the benefit of the City and/or its residents are excluded from the accompanying financial statements because they are legally separate from the City and the City is not financially accountable for their operations.

Elyria City School District
Elyria Memorial Hospital
Elyria Public Library

No component units are included in the definition of the City’s reporting entity.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed in statements and interpretations issued by the Governmental Accounting Standards Board (the “GASB”).

(A) BASIS OF PRESENTATION – FUND ACCOUNTING

The accounting system is organized on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. The acquisition and use of the City’s expendable financial resources and the related current liabilities (except for those accounted for in proprietary or fiduciary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the City’s governmental fund types:

General Fund – This fund is used to account for all financial resources except those required to be 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 Charter of the City of Elyria and the general laws of Ohio.

Special Revenue Funds – These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or restricted or committed for major capital projects or debt service) that are legally restricted or committed to expenditure for specified purposes.

Debt Service Funds – These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds – These funds are used to account for financial resources to be used for the acquisition or construction of capital facilities or equipment (other than those financed by proprietary funds and trust funds).

Permanent Funds – These funds are used to account for financial resources that are legally restricted to the extent that only investment earnings, and not principal, may be used for purposes that support the City’s programs.

Proprietary Fund Types

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to achieve sound financial administration. The measurement focus is based upon determination of net income, financial position and changes in financial position.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Enterprise Funds – These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds – These funds are used to account for the financing of goods or services the City's self-insured health plan and workers' compensation plan provided to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Types

Private-purpose Trust Funds – Private-purpose trust funds are used to account for trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. During 2024, the City did not utilize any such trust funds.

Custodial Funds – Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. For accounting measurement purposes, the custodial funds are custodial in nature (assets equal liabilities) and use the economic measurement focus and use the accrual basis of accounting to recognize receivables and payables. The City's custodial funds are used to collect and distribute deposits, inspection fees and bonds for developers' various fees for State Agencies and Lorain County, fines for Elyria Municipal Court, property taxes for the Elyria Public Library, income taxes for Elyria and Eaton Townships, deposits for tree lawn tree maintenance and donations for the Elyria Police Memorial and Elyria's Bicentennial Celebration.

Other Fiduciary Funds – Other fiduciary funds include pension trust funds and investment trust funds. During 2024, the City did not utilize any such trust funds.

Fiduciary funds are not included in the government-wide statements.

(B) GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The effect of interfund activity has been removed from these statements, with the exception of certain receivables due from other fiduciary funds of the City which are not included in the government-wide financial statements. The government-wide statement of activities presents a comparison between expenses and program revenues for each segment of business-type activities of the City and for each program of the governmental activities. Internal service fund activity is eliminated to avoid double counting revenues and expenses.

Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or activity. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(C) FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. The City's five major governmental funds are the General Fund, the 2016 .50% Income Tax Fund, the American Rescue Plan Act Fund, the Chestnut Commons Connector Road Fund and the Public Works Complex Construction Fund.

The General Fund is the primary operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in other funds.

The 2016 .50% Income Tax Fund is used to account for revenue received as a result of a .50% temporary income tax approved by the citizens of the City of Elyria to provide funds for resurfacing and repair of residential streets and infrastructure, additional police officers and equipment, an amount necessary to address the capital needs of the city including projects for Elyria City Parks and Recreation Department as they may be determined in accordance with the Parks Master Plan, and economic development and promotion of the City for the period of July 1, 2016 through June 30, 2021. In November 2020 voters approved a five-year extension of the .2016 50% Income Tax for the period July 1, 2021 through June 30, 2026.

The American Rescue Plan Act Fund is used to account for grant monies received from the United States Government to respond to the COVID-19 public health emergency and its economic impact through the four categories established in the Act.

The Chestnut Commons Connector Road Fund is used to account for monies restricted for improvements to the Chestnut Commons Connector Road.

The Public Works Complex Construction Fund is used to account for debt proceeds restricted for the construction of a new public works complex facility to replace the aging central maintenance garage.

The City's five enterprise funds (Water Fund, Special Parks and Recreation Fund, Sanitation Fund, Wastewater Pollution Control Fund, and Storm Water Fund) are the City's major proprietary funds. A description of these funds appears on page 207 of this report.

Non-major funds are aggregated and presented in a single column. The internal service funds are aggregated and presented in a single column on the face of the proprietary fund statements.

(D) BASIS OF ACCOUNTING

(1) Government-Wide Financial Statements

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(2) Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Revenues are considered available when they are collectable within the current period or soon enough thereafter to pay liabilities of the current period. For the City, available means expected to be received within sixty days of year-end. Revenues that are deemed both measurable and available by the City include investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or if received in advance, deferred until expenditures are made.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured and expenditures related to compensated absences are recognized when paid. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

(3) Proprietary Fund Financial Statements

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation are recorded in the proprietary funds. The City will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. The City these revenues are charges for services, tap fees, other and premiums for self-insurance. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

(E) BUDGETARY ACCOUNTING AND CONTROL

The City adopts an annual operating budget for all funds except custodial funds. During June of each year, the Mayor submits to City Council a proposed operating budget for the upcoming fiscal year. This budget is kept on file for 30 days and must be passed by the City Council by July 15 for certification of the City's estimated financial resources for the upcoming year to the County Budget Commission as required by Ohio law. This budget is based on estimates of future cash revenues, cash expenditures and encumbrances for the next fiscal year for all non-custodial funds and serves as the basis for the County Budget Commission's certification of the City's estimated financial resources for the upcoming year.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

By January 1 of the succeeding year, Council must adopt a temporary appropriations ordinance. The temporary appropriations ordinance remains in effect until March 31 or until the permanent appropriations ordinance is adopted by City Council, whichever occurs first. A permanent appropriations ordinance must be adopted no later than April 1 under State law and appropriations therein must not exceed the estimated financial resources certified by the County Budget Commission.

Budget control is exercised at the major account level (personal services, fringe benefits, operation and maintenance, capital outlay, debt service, transfers-out and reimbursements) within each City department. All appropriations lapse at year-end. Reported budgeted amounts are as originally adopted and amended by appropriation ordinances passed by Council. The budget for each fund is represented by appropriations and, according to City Charter, can only be modified by Council ordinance. The USEPA Brownfield Grant Special Revenue Fund, the Household Sewage Disposal Permit Fee Special Revenue Fund, the Manufactured Home / Park Placement Fee Special Revenue Fund, the Coastal Management Grant Special Revenue Fund, the Energy Efficiency Block Grant Special Revenue Fund, the Clean Ohio Revitalization Grant Special Revenue Fund, the Health Grant Special Revenue Fund, the Food Service Operations Special Revenue Fund, the Wagner Trust Special Revenue Fund, the Ely Park Trust Special Revenue Fund, the Dental Health Grant Special Revenue Fund, the Swimming Pool Inspection Special Revenue Fund, the Mandatory Drug Fine Special Revenue Fund, the Alcohol Enforcement and Education Special Revenue Fund, the Neighborhood Stabilization Program 3 Program Grant Special Revenue Fund, the Brownfield Hazardous Assessment Grant Special Revenue Fund, the Brownfield Petroleum Assessment Grant Special Revenue Fund, the Neighborhood Stabilization Program Grant Special Revenue Fund, the Muni Court GPS Monitor Special Revenue Fund, the Special Assessment Bond Retirement Debt Service Fund, the Cascade/Elywood Capital Project Fund, the Bridge Projects Capital Project Fund, the Parks Improvement Capital Project Fund, the Two Falls Trail Improvement Capital Project Fund, the West River Road Improvement Capital Project Fund, the Insurance Demutualization Capital Project Fund, the Public Works Complex Construction Fund and the Cemetery Trust Permanent Fund were not included in the appropriation process.

The General Fund, 2016 .50% Income Tax Fund and the American Rescue Plan Act Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts and disbursements. The major differences between the budget basis and the GAAP (accounting principles generally accepted in the United States of America) basis are:

- (1) Revenues recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
- (2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP);
- (3) Encumbrances are recorded as expenditures (budget) as opposed to a non-spendable, restricted, committed, assigned, or unassigned fund balance (GAAP). In addition, encumbrances outstanding at year-end are included in the appropriation ordinance in the subsequent year and certain amounts shown as capital outlay and debt service expenditures on a GAAP basis are shown as public safety, health, culture and recreation, community environment, highways and streets and general government expenditures on a budgetary basis.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis is shown below:

	Net Change in Fund Balance		
	General Fund	2016 .50% Income Tax Fund	American Rescue Plan Act Fund
GAAP Basis	\$ 859,684	\$ 814,648	\$ (2,313,110)
Increase (decrease) due to:			
Net Adjustment for Revenue Accruals:	1,443,650	(41,319)	(3,228,905)
Net Adjustment for Expenditure Accruals:	(1,883,603)	(2,200,164)	(353,307)
Budget basis	<u>\$ 419,731</u>	<u>\$ (1,426,835)</u>	<u>\$ (5,895,322)</u>

(F) ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY

(1) Equity in Pooled and Segregated Cash, Cash Equivalents, and Other Short-term investments.

Cash balances of the City's funds, except for the Court, are pooled and invested in cash equivalents and other short-term investments in order to provide improved cash management. Cash equivalents consist of deposits in the State Treasury Asset Reserve of Ohio ("STAR Ohio"), certificates of deposit and money market accounts with an original maturity of 90 days or less.

Interest earned on investments is allocated to the funds participating in the pool in accordance with the City Charter and Codified Ordinances.

The City's investments with maturities greater than one year are stated at fair value in the accompanying financial statements and the change in the fair value of the investments is recorded as investment income along with the interest earned on the investments.

During fiscal year 2024, the City has invested funds in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2024 there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

The City also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account.

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STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

(2) Receivables

Receivables at December 31, 2024 consist of property taxes, income taxes withheld by employers, other local taxes, accounts (billings for user charged services and fine monies collected by the Elyria Municipal Court which are initially accounted for in the Municipal Court Custodial Fund), accrued interest on investments, rehabilitation loans (see Note 15 on page 107 for more detail), special assessments, amounts due from other funds which represents advances made by the General Fund to the Health Grant Fund, Coastal Management Grant Fund, State Issue II Capital Projects Funds and the Two Falls Trail Improvement Fund which will be repaid from monies to be received from other governments.

(3) Inventories and Prepaid Items

Inventory is valued at cost (specific identification method). The proprietary fund type inventories are capitalized and expensed when used (consumption method). In the governmental funds, inventory amounts are not significant and are recognized as an expenditure when purchased (purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and proprietary fund financial statements.

(4) Capital Assets and Depreciation

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities column of the government-wide statement of net position. Capital assets used by proprietary funds are reported in both the business-type activities column of the government-wide statement of net position and in the individual proprietary funds.

Capital assets, which include property, plant, equipment, utility distribution and collection systems (sewers) and infrastructure (e.g., streets, roads and bridges, etc.) are defined by the City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost where historical cost is not available. Estimated historical cost is based on replacement cost. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

All capital assets except land and construction in progress are depreciated. Depreciation of depreciable capital assets is computed and recorded by the straight-line method. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and Systems	15 – 40 years
Improvements	10 – 40 years
Utility Distribution and Collection Systems	20 – 80 years
Infrastructure	10 – 40 years
Machinery and Equipment	2 – 20 years

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(5) Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate employees for the benefit through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The portion of the liability not expected to be liquidated with expendable, available financial resources is not reported as a fund liability in the governmental fund financial statements, but is reported under the governmental activities column of the government-wide statement of net position. The General Fund is typically used to liquidate the portion of the City's compensated absences liability pertaining to its governmental activities. The liability for business-type activities is reported under that column in the government-wide statement of net position, as well as the individual proprietary fund to which they relate.

(6) Claims

As described in Note 4 on pages 65 - 66, the City is self-insured for employee health and workers' compensation benefits. The City recognizes a liability for such claims 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.

(7) Long-term Obligations

In the government-wide statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(8) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. They are the deferred amount on refunding and pension/OPEB reported in the government-wide and proprietary fund statement of net position. A deferred amount 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. The deferred outflows of resources related to pension/OPEB are explained in Note 10 and Note 11 on pages 75 - 96.

CITY OF ELYRIA, OHIO
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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and Note 11 on pages 75 – 96).

(9) Pension/Other Postemployment Benefits/(OPEB)

For purposes of measuring the net pension/OPEB liabilities (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. 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.

(10) Fund Equity / Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors or grantors.

(11) Fund Balance

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

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

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City

CITY OF ELYRIA, OHIO
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can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or the City Finance Director delegated that authority by City Charter. City Council may also assign fund balance as it does when appropriating fund balance in the subsequent year's budget.

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

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

(12) Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net position reports \$35,158,312 of the restricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

CITY OF ELYRIA, OHIO
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(G) RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The following details reconciling items between the governmental fund financial statements and the government-wide financial statements for the year ended December 31, 2024.

Reconciliation of Net Position:

Long-term liabilities:

General obligation bonds	\$ 5,020,000
State Issue II construction loans	968,941
General obligation bond anticipation notes	5,420,000
State Infrastructure bank loans	2,096,687
Compensated absences	3,199,176
Financed purchases obligation	47,758
Unamortized bond premiums	<u>1,922,835</u>
Total long-term liability adjustment	<u>\$ 18,675,397</u>

Reconciliation of Changes in Net Position:

Capital outlay adjustment:

Depreciation expense	\$ 8,489,163
Government-wide capital outlay (net of disposals)	<u>(18,782,919)</u>
Net adjustment for excess depreciation	<u>\$(10,293,756)</u>

Issuance of Long-term Debt and Changes in

Compensated Absences:

Debt issued	\$ (7,044,741)
Principal retired	6,765,893
Net change in compensated absences	<u>656,943</u>
Net adjustment for long-term debt activity	<u>\$ 378,095</u>

Internal Service:

Change in net position-fund financial statements	\$ (1,024,109)
Net adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(57,632)</u>
Net adjustment for internal service	<u>\$ (1,081,741)</u>

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

(A) ACCOUNTABILITY

At December 31, 2024 the following funds had a deficit fund or net position balance:

	<u>Deficit Balance</u>
Special Revenue Fund – Coastal Management Grant	2,500
Capital Projects Funds - Two Falls Trail Improvement	2,970

The deficit in the Coastal Management Grant Fund and the Two Falls Trail Improvement Fund will be eliminated through the receipt of grant monies.

Contrary to Section 5705.41(B) of the Ohio Revised Code, the City had expenditures in the General Fund, Police Department, Fringe Benefits account in excess of appropriations at the legal level of control in the amount of \$37,512.

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

NOTE 4 – RISK MANAGEMENT

The City utilizes two funds relating to its risk management program. Both funds have been classified as internal service funds.

- (A) The Employees' Health Insurance Fund is used to account for the operations of the City's self-insured health plan. All City funds are charged a premium amount per employee covered by the Employees' Health Insurance Fund. The premium amounts are set by union contract and City ordinance. Claims and administrative fees are then paid out of the Employee Health Insurance Fund. The City pays premiums for specific stop-loss insurance coverage to insure against catastrophic claims over \$125,000 per individual.
- (B) The Workers' Compensation Fund is used to account for the funding of the City's workers' compensation plan. During the period January 1, 1989 through December 31, 1997, the City was enrolled in a retrospective rating plan offered by the State of Ohio. Under the plan, the City is charged by the State of Ohio for claims paid, administrative fees, and a premium for individual claim limits and aggregate claim limits. All City funds are normally charged a premium amount per employee covered by the Workers' Compensation Fund. The premium amounts are set based on claims experience. Claims and administrative fees are paid to the State of Ohio. The City has a maximum yearly claim limit amount for all claims, which varies each policy year. Since January 1, 1998, the City has participated in the fully insured plan offered by the Bureau of Workers' Compensation of the State of Ohio.
- (C) The City purchases insurance policies in varying amounts for general liability, vehicle liability, property damage, employee and public official's liability, professional liability for health department employees and errors and omissions. The City also pays unemployment claims to the State of Ohio as incurred. There were no significant changes in the City's insurance coverage during 2024.

CITY OF ELYRIA, OHIO
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(D) The changes in the liabilities for self-insured risks for the years ended December 31, 2024 and 2023 are as follows:

	Health Benefits	Workers' Compensation Benefits
Balance January 1, 2023	\$ 723,827	\$
Incurring claims, net of changes in estimates	9,141,167	541,896
Payments	<u>(8,840,975)</u>	<u>(541,896)</u>
Balance December 31, 2023	1,024,019	
Incurring claims, net of changes in estimates	10,098,015	525,078
Payments	<u>(9,958,775)</u>	<u>(525,078)</u>
Balance December 31, 2024	<u>\$ 1,163,259</u>	<u>\$</u>

The liabilities above represent the City's best estimates based upon available information and the requirements of the GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and Statement No. 30, *Risk Financing Omnibus – an Amendment of GASB Statement No. 10*, and include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and number of pay-outs, and other economic factors.

Settled claims have not exceeded the City's insurance coverage in any of the last three years and there was no significant decrease in coverage from 2024.

NOTE 5 – CONTINGENCIES

(A) ENVIRONMENTAL MATTERS

- (1) The City is currently operating under a renewed National Pollution Discharge Elimination System (NPDES) permit which became effective on June 1, 2021.
- (2) The City continues to offer a sanitary lateral repair loan program that has been updated to an assessment-based program for property owners with defective laterals and continues to perform sanitary sewer rehabilitation under a bid maintenance contract.
- (3) The City has updated its Storm Water Management Plan for the current NPDES permitting cycle.
- (4) The City has contracted with a consultant and employs an engineer to address storm water issues as required by the Ohio and US EPA. Activities initiated include public education, public outreach, construction site run-off control, illicit discharge detection, implementation of municipal storm water operations and post-construction site run-off control. The engineer continues to provide the necessary oversight of storm water pollution issues within the City. The City implemented a storm water utility effective January 1, 2016 with the initial billing occurring near the end of the first quarter of 2016. The previously established technical advisory committee continues to conduct meetings addressing plan

CITY OF ELYRIA, OHIO
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modifications and refinement and will remain an important part of the program into the foreseeable future.

- (5) In 2008, the City submitted its CSO Long-term Control Plan to the Ohio EPA. Additional information was submitted in 2010 and 2011. In 2015, the City became engaged in negotiations with the United States Department of Justice, the United States Environmental Protection Agency and the Ohio Environmental Protection Agency. After more than seven (7) years of negotiations, the complaint was filed with the Federal Court in November 2022. The Federal Court granted the motion to enter into the negotiated consent decree as of January 10, 2023. The City continues to perform the required work as outlined in the new consent decree.
- (6) The City began construction of the East Side Relief Sewer (ESRS) in 2017. This large diameter relief sewer is a requirement of the Wastewater/Wet Weather Consent Decree. The ESRS includes pipe sizes up to 78" in diameter and will convey wet weather flow to the Wastewater Pollution Control Plant resulting in the further elimination of sewer overflows to the Black River. The 6th phase of the ESRS was completed in 2024. Several more phases remain to be designed and completed prior to December 2031. Other projects pertaining to the consent decree are in various stages of planning, design and construction.
- (7) The City completed three lead water service line replacement projects utilizing grant funds from the Ohio Water Development Authority and user fees receipted in the City's Water Enterprise Fund. The fourth Lead Service Line Replacement Project that is partially being funded with grant monies is currently under construction. The City is applying for a grant for Phase 5 in 2025 and anticipates construction beginning before years end and continuing into 2026. Phase 5 will likely complete the needed lead service line replacements required to meet the EPA mandate.
- (8) The City began working with an engineering consulting firm in 2023 to inspect and assess the conditions of the three water transmission mains that convey potable water from the City's water treatment plant in Lorain, Ohio on the shores of Lake Erie to the City's water customers located inside and outside the City. The inspection reports have been completed and in 2025, the City will move into the planning and preliminary design phase for the repair/replacement within the next several years.

(B) CONTINGENCIES UNDER GRANT PROGRAMS

The City participates in several federal grants which have been audited in accordance with the Single Audit Act (the "Act"). Provisions of the Act allow federal agencies to conduct any additional audit work necessary to carry out their responsibilities under federal law or regulations. Such federal audits could lead to a request for reimbursement to the grantor agency for any costs questioned as not being appropriate expenditures under the terms of the grants. At December 31, 2024, there were no questioned costs that had not been resolved with federal agencies. In the opinion of City officials, no material grant expenditures will be disallowed as a result of federal audits.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(C) JUDGMENTS AND CLAIMS

The City is party to various legal proceedings. The City's management is of the opinion that the ultimate outcome of such litigation will not result in a material adverse effect on the City's financial position.

NOTE 6 – POOLED AND SEGREGATED CASH, CASH EQUIVALENTS AND OTHER INVESTMENTS

Monies of the Court are deposited and maintained in individual, segregated bank accounts and invested in cash equivalents which are also specifically segregated. Monies of all other funds of the City are maintained or invested in a common group of bank accounts, in cash equivalents and other short-term investments. The common bank accounts and investments are displayed on the accompanying statement of net position and balance sheets as "Equity in pooled cash and cash equivalents" and "Investments" and the segregated amounts are separately disclosed.

The investment and deposit of City monies is governed by the provisions of the Charter, Codified Ordinances of the City, and the Ohio Revised Code. Accordingly, only financial institutions that qualify under Section 135.14 (M)(I) of the Ohio Revised Code are eligible to hold public deposits. The City may invest its monies in certificates of deposit, savings accounts, money market accounts, the state treasurer's investment pool ("Star Ohio"), and obligations of the United States government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository or any eligible dealer who is a member of the National Association of Securities Dealers for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation or may pledge a pool of government securities the face value of which is at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of, or guaranteed by, the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by 2% and be marked to market daily. State law does not require security for public deposits and investments to be maintained in the City's name.

The City is prohibited from investing in any financial instrument, contract, or obligation whose value or return is based upon or linked to another asset or index, or both, separate from the financial instrument, contract, or obligation itself (commonly known as a "derivative"). The City is also prohibited from investing in reverse purchase agreements.

During 2024 the City complied with the provisions of these statutes pertaining to the types of investments held and institutions in which deposits were made, as well as the provisions of the statutes concerning security deposits. The City will continue to monitor compliance with applicable statutes in the future pertaining to its deposits and investments. At December 31, 2024, all of the City's deposits and investments (excluding Star Ohio) were held by local banks or financial institutions that qualify under Section 135.14 (M)(I) of the Ohio Revised Code.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

(A) DEPOSITS

At December 31, 2024, the carrying amount of the City's pooled and segregated deposits was \$47,672,856 and the bank balance was \$48,187,355. Of the bank balance, \$277,224 was covered by federal depository insurance and \$47,910,131 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the City's name, as permitted under Ohio law.

(B) INVESTMENTS

Pursuant to Article 17 of the Charter of the City of Elyria, the Treasury Investment Board, which is comprised of the Mayor, the City Finance Director, and the Administrative Legal Counsel is vested with the power to provide for the investment of all funds of the City in the manner provided by the general laws of the State of Ohio. The Treasury Investment Board may and has delegated the responsibility of the purchase and sale of investments to the City Finance Director.

It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security, safety and preservation of principal while meeting the daily cash flow demands of the City. To the extent possible, the City attempts to match its investments with anticipated cash flow requirements.

At December 31, 2024, the measurement values of the City's investments were as follows:

Rating	Investment Type	Measurement	Net Asset	Level		
		Value	Value	1	2	3
AAAm	STAR Ohio	\$ 31,797,492	\$ 31,797,492			
AAAm	Money Market Funds	4,363,287	4,363,287			
N/A	Negotiable Certificates of Deposit	2,117,626			\$ 2,117,626	
AA+	Agency Bond	19,102,339			19,102,339	
AA+	US Treasury Bond	2,197,793			2,197,793	
AA+	US Treasury Note	13,334,998			13,334,998	
		<u>\$ 72,913,535</u>	<u>\$ 36,160,779</u>		<u>\$ 36,752,756</u>	

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. The above chart identifies the City's recurring fair value measurements as of December 31, 2024. The City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

In accordance with its investment policy, the City does not invest in securities that 1) mature more than five (5) years from the date of purchase if such securities bear interest at a fixed rate or 2) securities that mature more than two (2) years from the date of settlement if such securities bear interest at a variable rate. Other than these two requirements, the City has no written policy regarding interest rate risk.

CITY OF ELYRIA, OHIO
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FOR THE YEAR ENDED DECEMBER 31, 2024

At December 31, 2024, the City's investments had maturities as follows:

	<u>Average Maturity</u>
Less than 1 year	61.86%
1 to 5 years	38.14%

Credit Risk

State law limits investments in corporate debt to the top two ratings issued by nationally recognized statistical rating organizations. The City does not have a written policy limiting its corporate debt investments to the top ratings. In addition, Star Ohio has a weighted average maturity of 26 days.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As noted earlier, at December 31, 2024, the carrying amount of the City's deposits was \$47,672,856 and the bank balance was \$48,187,355. Of the bank balance \$277,224 was covered by federal depository insurance and \$47,910,131 was covered by pooled and /or pledged collateral, as allowed by the Ohio Revised Code, but not necessarily held in the City's name (uncollateralized). The City has no written policy limiting the dollar amount of holdings by any single counterparty.

(C) RECONCILIATION TO COMBINED BALANCE SHEET CLASSIFICATION

A summary of the deposits and investments as of December 31, 2024 follows:

Deposits	\$ 47,672,856
Investments	<u>72,913,535</u>
 TOTAL	 <u><u>\$ 120,586,391</u></u>

Reconciliation to Financial Statements: Total cash and investments are reported as follows:

Government-wide Financial Statements

Unrestricted:

Equity in pooled cash and cash equivalents	\$ 72,527,652
Segregated	4,894,938
Restricted (Consumer Deposits)	408,147
Investments	41,203,262
	<u><u>\$ 119,033,999</u></u>

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Fund Financial Statements

Balance Sheet - Governmental Funds:

Equity in pooled cash and cash equivalents	\$ 50,295,760
Investments	17,936,774

Statement of Net Position - Proprietary Funds:

Cash and cash equivalents	22,231,892
Segregated	4,894,938
Restricted	408,147
Investments	23,266,488
Total Governmental and Proprietary Funds	<u>119,033,999</u>

Statement of Fiduciary Assets and Liabilities:

Equity in pooled cash and cash equivalents	794,579
Segregated	699,114
Investments	58,699
	<u>1,552,392</u>
	<u>\$ 120,586,391</u>

NOTE 7 – TAXES

(A) PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied on January 1 in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Three years after each revaluation all property values are reviewed and revised, as necessary, as part of a triannual update based on the reported sales of properties. The last revaluation was completed in 2024 and the last triannual update occurred in 2021. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable June 20. In certain instances, State statute permits earlier or later payment dates to be established.

Taxpayers (other than public utilities) become liable for tangible personal property taxes on January 1 of the current calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied on January 1 in the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

Public utility tangible personal property currently is assessed at varying percentages of its true value and public utility real property is assessed at 35% of its true (market) value. Public utility property taxes are payable on the same dates as real property taxes described above. The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Elyria. The County Auditor periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

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Beginning in 2006, personal property taxes were reduced 25% per year for each of the next four years through 2009 at which point the tax was eliminated. Telephone companies switched from being public utility to general business taxpayers beginning in 2007. Over the next five years beginning in 2007, telephone property was phased out and was eliminated from taxation in 2011. The revenue from personal property tax was reimbursed to local governments beginning in 2006 from a new Commercial Activity Tax (CAT) collected by the State of Ohio. The City does not expect to suffer any significant negative impact in its tax receipts over the next five years as a result of this change.

The assessed value upon which the 2023 levy (collected in 2024) was based was approximately \$1,044.9 million. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of unvoted property tax is 4.2 mills of assessed value. The total property tax revenue recognized by the City during 2024 was \$3,939,825.

(B) INCOME TAXES

The City levies an income tax of 2.25% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income they earn outside the City; however, a 100% credit up to 2.25% is allowed for income taxes paid to other municipalities. Of the total income tax levy, 1.25% is permanent, 1.00% of which is allowed by the Ohio Revised Code without voter approval and is accounted for in the General Fund. The remaining .25% of the permanent portion is a special levy to be used only for law enforcement purposes and is accounted for in the Police Levy Special Revenue Fund. The remaining 1.00% of the 2.25% total levy consists of two separate .50% five-year temporary levies enacted by a vote of the citizens. The first of the two .50% five-year income tax levies is a general operating levy that on May 2, 2023 has been extended by voters of the City through June 2029. The proceeds from this levy are included in the General Fund. On March 15, 2016 the voters of the City of Elyria passed Issue 6, which is a .50% temporary tax for the period of July 1, 2016 through June 30, 2021. On November 3, 2020 the voters of the City of Elyria renewed this .50% five-year temporary tax for another five years expiring on June 30, 2026. The proceeds of this fund are designated for resurfacing and repair of residential streets and infrastructure, additional police officers and equipment, capital needs of the City including projects for the Elyria Parks and Recreation Department as they may be determined in accordance with the Parks Master Plan and economic development and promotion of the City. The proceeds from this special levy are accounted for in the 2016 .50% Income Tax Special Revenue Fund. Employers within the City are required to withhold income taxes on employee compensation and remit withholdings to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The total income tax revenue recognized by the City during 2024 in the fund financial statements was \$37,773,690.

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NOTE 8 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance at January 1, 2024	Increases	Decreases	Balance at December 31, 2024
<u>Governmental activities</u>				
Not being depreciated:				
Land	\$ 6,747,956	\$ 142,686	\$	\$ 6,890,642
Construction in progress	9,186,093	2,908,401	(6,536,838)	5,557,656
Subtotal	15,934,049	3,051,087	(6,536,838)	12,448,298
Other capital assets:				
Buildings and systems	40,897,433			40,897,433
Improvements	13,741,631	1,140,978		14,882,609
Utility distribution and collection systems	14,023,431	250,750		14,274,181
Infrastructure	127,735,774	17,963,849		145,699,623
Machinery and equipment	26,482,442	2,092,098	(3,064,145)	25,510,395
Subtotal	222,880,711	21,447,675	(3,064,145)	241,264,241
Accumulated depreciation:				
Buildings and systems	(25,826,441)	(1,009,548)		(26,835,989)
Improvements	(8,444,850)	(656,271)		(9,101,121)
Utility distribution and collection systems	(10,492,680)	(169,540)		(10,662,220)
Infrastructure	(82,447,596)	(4,680,709)		(87,128,305)
Machinery and equipment	(18,853,177)	(1,973,095)	3,061,972	(17,764,300)
Subtotal	(146,064,744)	(8,489,163)	3,061,972	(151,491,935)
Net other capital assets	76,815,967	12,958,512	(2,173)	89,772,306
Net capital assets	\$ 92,750,016	\$ 16,009,599	\$ (6,539,011)	\$ 102,220,604

Depreciation was charged to the functions as follows:

Governmental activities:

Public safety	\$ 1,565,357
Health	79,635
Culture and recreation	822,014
Community environment	181,491
Highways and streets	4,413,663
General government	1,427,003
TOTAL	\$ 8,489,163

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	Balance at January 1, 2024	Increases	Decreases	Balance at December 31, 2024
<u>Business-type activities</u>				
Not being depreciated:				
Land	\$ 866,868	\$	\$	\$ 866,868
Construction in progress	19,126,880	3,211,924	(16,592,462)	5,746,342
Subtotal	19,993,748	3,211,924	(16,592,462)	6,613,210
Other capital assets:				
Buildings	46,035,220	99,725		46,134,945
Improvements	28,163,313	42,200		28,205,513
Utility distribution and collection systems	161,036,156	29,394,237		190,430,393
Machinery and equipment	28,615,184	3,331,331	(1,513,468)	30,433,047
Subtotal	263,849,873	32,867,493	(1,513,468)	295,203,898
Accumulated depreciation:				
Buildings	(33,880,435)	(962,998)		(34,843,433)
Improvements	(27,769,114)	(69,242)		(27,838,356)
Utility distribution and collection systems	(52,078,527)	(3,819,330)		(55,897,857)
Machinery and equipment	(21,163,312)	(2,064,254)	1,513,468	(21,714,098)
Subtotal	(134,891,388)	(6,915,824)	1,513,468	(140,293,744)
Net other capital assets	128,958,485	25,951,669	-	154,910,154
Net capital assets	\$ 148,952,233	\$ 29,163,593	\$ (16,592,462)	\$ 161,523,364

Depreciation was charged to the functions as follows:

<u>Business-type activities:</u>	
Water	\$ 2,119,962
Special Parks & Recreation	2,067
Sanitation	384,311
Wastewater Pollution Control	4,363,841
Stormwater	45,643
TOTAL	\$ 6,915,824

Construction in progress - The City has active construction projects as of December 31, 2024 under governmental activities of \$69,513 on the East Broad Street Bridge Project, \$95,969 on the West Park Maintenance Building Project, \$3,527 on the Schaden Road Industrial Parkway Access Road Project, \$35,941 on the Brookdale Cemetery Bridge Improvement Project, \$129,858 on the Police Gun Range Project, \$53,364 on the North Recreation Park Phase II Improvement Project, \$1,602,443 on the 2024 Street Resurfacing Program, \$115,381 on the North Park Playground Project, \$101,231 on the Bell Avenue Playground Project, \$68,265 on the Abbe Road Park Improvement Project, \$272,017 on the West Avenue Resurfacing Project, \$1,765,745 on the construction of a new Sutphen Ladder Fire Truck, \$353,248 on the South Abbe Road Resurfacing Project, \$119,259 on the Fire Station Paving Project, \$27,955 on the Pocket Park Project, \$2,501 on the TLCI Phase 5 Project, \$172,440 on the Midway Boulevard Resurfacing Project, \$367,508 on the Parks Paving Project, \$4,107 on the Oberlin/Elyria Road Traffic Signal Project, \$17,900 on the new Public Works Complex Project and \$179,480 on the Furnace Street Resurfacing Project. The City also has active construction projects as of December 31, 2024 under business-type activities of \$49,944 on the Eastern Heights Phase II Water Main Project, \$551,053 on the Sludge Handling and Chemical Optimization Project at the City's Water Treatment Plant, \$87,195 on the Lowell Street/West Ridge Road Watermain Project, \$12,805 on the West Ridge Road/Nelson Stud Watermain Project, \$9,905 on the GIS Software Project, \$117,685 on the Water Treatment Plant Sludge and Sedentary Basins Improvement Project, \$5,772 on the Gulf Road Waterline Project, \$29,965 on the Water Pumping Plant System Study, \$1,039,506 on the West Avenue Water Line Replacement Project, \$560,770 on the Water Transmission Line Replacement Project, \$175,000 on the new Public Works Complex Project, \$189,642 on the West

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Ridge Road Sanitary Sewer Project, \$324,103 on the Wet Weather Storage Project, \$2,190,783 on the East Diversion Project, \$47,500 on the Aeration Blower Refurbishing Project, \$60,014 on the Primary Settling Tanks Project, \$286,700 on the Overbrook Road Pump Station Project and \$8,000 on the Lowell Street Sewer Project .

NOTE 9 – INTERFUND RECEIVABLES AND PAYABLES

The following balances at December 31, 2024 represent interfund receivables and payables:

<u>GOVERNMENTAL FUNDS</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
GENERAL FUND	\$ 35,265	\$
SPECIAL REVENUE FUNDS:		
Health Grant		29,423
Coastal Management Grant		2,500
CAPITAL PROJECTS FUNDS:		
State Issue II Capital Projects		372
Two Falls Trail Improvements		2,970
TOTAL FUNDS	<u>\$ 35,265</u>	<u>\$ 35,265</u>

The governmental funds interfund balances represent grant program expenditures that had not been reimbursed as of December 31, 2024.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset)/Net OPEB Liability (Asset)

The net pension liability (asset) and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the City’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculations are 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 pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable*. The remainder of this note includes the required pension disclosures. See Note 11 on pages 86 - 96 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each

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year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

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

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

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

For 2024, the City's contractually required contribution was \$3,142,776 for the traditional plan and \$45,910 for the combined plan. Of these amounts, \$118,922 is reported as accrued wages and benefits for the traditional plan and \$1,737 for the combined plan.

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Ohio Police & Fire Pension Fund (OP&F)

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

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

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

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

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

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent. Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2024 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$3,334,982 for 2024. Of this amount, \$212,733 is reported as accrued wages and benefits.

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

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

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset:				
Current Measurement Date	0.12783400%	0.08149000%	0.51220110%	
Prior Measurement Date	<u>0.13156800%</u>	<u>0.08760100%</u>	<u>0.51739060%</u>	
Change in Proportionate Share	<u>-0.00373400%</u>	<u>-0.00611100%</u>	<u>-0.00518950%</u>	
Proportionate Share of the:				
Net Pension Liability	\$33,467,466	\$0	\$49,485,696	\$82,953,162
Net Pension Asset	0	(250,485)	0	(250,485)
Pension Expense	3,746,557	19,742	4,882,732	8,649,031

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2024 pension expense for the member-directed defined contribution plan was \$39,050. The aggregate pension expense for all pension plans was \$8,688,081 for 2024.

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

	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$546,997	\$10,151	\$1,588,636	\$2,145,784
Changes of assumptions	0	9,296	3,127,442	3,136,738
Net difference between projected and actual earnings on pension plan investments	6,755,162	40,740	5,607,770	12,403,672
Changes in proportion and differences between City contributions and proportionate share of contributions	81,897	25,301	1,257,990	1,365,188
City contributions subsequent to the measurement date	<u>3,142,776</u>	<u>45,910</u>	<u>3,334,982</u>	<u>6,523,668</u>
Total Deferred Outflows of Resources	<u>\$10,526,832</u>	<u>\$131,398</u>	<u>\$14,916,820</u>	<u>\$25,575,050</u>
Deferred Inflows of Resources				
Differences between expected and actual experience	\$0	\$24,774	\$553,441	\$578,215
Changes of assumptions	0	0	751,498	751,498
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>436,371</u>	<u>12,982</u>	<u>997,934</u>	<u>1,447,287</u>
Total Deferred Inflows of Resources	<u>\$436,371</u>	<u>\$37,756</u>	<u>\$2,302,873</u>	<u>\$2,777,000</u>

\$6,523,668 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 or increase to the net pension asset in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Year Ending December 31:	OPERS Traditional Plan	OPERS Combined Plan	OP&F	Total
2025	\$1,465,936	\$7,816	\$2,244,365	\$3,718,117
2026	2,132,895	12,806	2,664,896	4,810,597
2027	4,310,763	25,466	4,169,500	8,505,729
2028	(961,909)	(4,806)	36,117	(930,598)
2029	0	2,383	159,307	161,690
Thereafter	0	4,067	4,780	8,847
Total	<u>\$6,947,685</u>	<u>\$47,732</u>	<u>\$9,278,965</u>	<u>\$16,274,382</u>

Actuarial Assumptions – OPERS

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

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

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

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.

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

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

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

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability (asset) 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 (asset) would be if it were calculated using a discount rate

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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%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$52,686,783	\$33,467,446	\$17,482,578
OPERS Combined Plan	(151,571)	(250,485)	(328,405)

Actuarial Assumptions – OP&F

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

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	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 in the previous table, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the

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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	\$65,547,489	\$49,485,696	\$36,128,752

NOTE 11 – DEFINED BENEFIT OPEB PLANS

See Note 10 on pages 75 – 86 for a description of the net OPEB liability (asset).

Ohio Public Employees Retirement System (OPERS)

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

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

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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 credit with at least 20 years of qualified health care service credit.

Age 59 or Younger Retirees 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

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

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

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

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

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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. In 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$19,015 for 2024. Of this amount, \$289 is reported as accrued wages and benefits.

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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.

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

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The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$95,289 for 2024. Of this amount, \$5,073 is reported as accrued wages and benefits.

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

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

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.12344600%	0.51220110%	
Prior Measurement Date	<u>0.12691100%</u>	<u>0.51739060%</u>	
Change in Proportionate Share	<u>-0.00346500%</u>	<u>-0.00518950%</u>	
Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$0	\$3,739,737	\$3,739,737
Net OPEB Asset	(\$1,114,130)	\$0	(\$1,114,130)
OPEB Expense	(\$109,594)	\$132,176	\$22,582

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

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$179,834	\$179,834
Changes of assumptions	286,833	1,286,880	1,573,713
Net difference between projected and actual earnings on OPEB plan investments	669,098	276,155	945,253
Changes in proportion and differences between City contributions and proportionate share of contributions	22,319	273,931	296,250
City contributions subsequent to the measurement date	<u>19,015</u>	<u>95,289</u>	<u>114,304</u>
Total Deferred Outflows of Resources	<u><u>\$997,265</u></u>	<u><u>\$2,112,089</u></u>	<u><u>\$3,109,354</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$158,573	\$687,256	\$845,829
Changes of assumptions	478,931	2,408,304	2,887,235
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>316,764</u>	<u>316,764</u>
Total Deferred Inflows of Resources	<u><u>\$637,504</u></u>	<u><u>\$3,412,324</u></u>	<u><u>\$4,049,828</u></u>

\$114,304 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 or an increase in the net OPEB asset in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2025	(\$13,712)	(\$106,887)	(\$120,599)
2026	59,555	(181,954)	(122,399)
2027	520,835	(101,312)	419,523
2028	(225,932)	(315,694)	(541,626)
2029	0	(313,772)	(313,772)
Thereafter	<u>0</u>	<u>(375,905)</u>	<u>(375,905)</u>
Total	<u><u>\$340,746</u></u>	<u><u>(\$1,395,524)</u></u>	<u><u>(\$1,054,778)</u></u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or

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modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

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

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

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allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

Discount Rate A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. (Fidelity Index's "20-Year Municipal GO AA Index") The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$612,292	(\$1,114,130)	(\$2,544,222)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using

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the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	(\$1,160,392)	(\$1,114,130)	(\$1,061,636)

Actuarial Assumptions – OP&F

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented as follows:

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

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

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

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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

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

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	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$4,606,320	\$3,739,737	\$3,009,906

NOTE 12 – DEFERRED COMPENSATION PROGRAMS

The City's employees and elected officials participate in three deferred compensation plans created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. The deposits under the plans are forwarded to trustees. Under the terms of the plans, the deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the plans' participants and their beneficiaries. The plan agreements state that the City has no fiduciary responsibility under the plans with the exception of fraud or wrongful taking. The amount on deposit in the plans is not reflected in the government-wide statement of net position as of December 31, 2024 because it is held in trust for the exclusive benefit of plan participants and their beneficiaries.

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NOTE 13 – DEBT, NOTES, AND OTHER LONG-TERM OBLIGATIONS

The original issue date, maturity date, interest rate and original issuance amount for each of the City's bonds, notes, and other long-term obligations outstanding as of December 31, 2024 is listed below:

GOVERNMENTAL ACTIVITIES	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
General Obligation Debt				
City Hall Construction Bonds	2001	2026	4.750	\$8,200,000
Industrial Parkway Bonds	2005	2024	4.410	6,831,910
Third St. Storm Sewer State Issue II Loan	2006	2026	0.000	172,785
Municipal Court Construction Bonds	2007	2032	4.000	9,544,445
City Hall Construction Bonds - 1999 Refunded	2011	2026	2.000	5,980,000
Abbe Rd. South State Issue II Loan	2011	2026	0.000	734,000
Ford Rd. Bridge State Issue II Loan	2012	2042	0.000	111,323
Industrial Parkway Bonds - 2005 Refunded	2013	2024	3.000	1,147,000
Ford Rd. Bridge State Issue II Loan	2013	2042	0.000	198,431
Ford Rd. Bridge State Issue II Loan	2013	2043	0.000	525,447
Municipal Court Construction Bonds - 2007 Refunded	2015	2032	3.833	5,615,000
Police and Fire Pension Liability Bonds - 2011 Refunded	2019	2026	4.000	285,000
City Hall Construction Bonds - 2011 Refunded	2019	2026	4.000	2,870,000
Industrial Parkway Bonds - 2013 Refunded	2019	2024	4.000	305,000
Gulf Road Reconstruction State Issue II Loan	2020	2029	0.000	70,611
Gulf Road Resurfacing State Issue II Loan	2020	2029	0.000	34,502
State Route 113 Paving State Infrastructure Bank Loan	2020	2029	3.000	668,003
State Route 20 Paving State Infrastructure Bank Loan	2020	2039	3.000	154,005
0.00% 2021 State Issue II Loan				
Lake Avenue / West Avenue Resurfacing	2021	2031	0.000	108,646
4.50% Chestnut Commons Connector Road General				
Obligation Bond Anticipation Notes Due June 2024	2023	2024	4.500	5,200,000

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GOVERNMENTAL ACTIVITIES	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
General Obligation Debt (Continued)				
4.50% Pumper Fire Truck General Obligation Bond				
Anticipation Notes Due June 2024	2023	2024	4.500	330,000
0.00% 2023 State Issue II Loan				
Gulf Road Resurfacing (Gulf Road to Windbrook Street)	2023	2032	0.000	17,548
0.00% 2023 State Issue II Loan				
Burns Road Resurfacing (Abbe Road to Gulf Road)	2023	2033	0.000	9,559
0.00% 2023 State Issue II Loan				
Hilliard Road Resurfacing (Abbe Road to Gulf Road)	2023	2033	0.000	21,816
0.00% State Issue II Loan				
Abbe Road Resurfacing (SR 57 to Cleveland Street)	2023	2032	0.000	12,765
0.00% State Issue II Loan				
Fuller Road Repair and Resurfacing	2023	2033	0.000	17,502
0.00% State Issue II Loan				
Lake Avenue Repair and Resurfacing	2024	2034	0.000	9,396
0.00% State Issue II Loan				
S. Abbe Road Resurfacing (Chestnut Ridge to University)	2024	2034	0.000	20,868
0.00% State Issue II Loan				
Chestnut Ridge Resurfacing (SR 57 to Stillwater)	2024	2034	0.000	15,846
0.00% State Issue II Loan				
Foster Avenue Resurfacing (Lorain Rd. to W. River Rd.)	2024	2034	0.000	4,478
Cleveland St. / East Bridge St. State Infrastructure Bank Loan	2024	2038	3.000	747,537
East Broad St. State Infrastructure Bank Loan	2024	2037	3.000	826,616
3.75% Public Works Complex Construction General				
Obligation Bond Anticipation Notes Due December 2025	2024	2025	3.750	21,000,000
BUSINESS-TYPE ACTIVITIES				
	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
General Obligation Debt				
Waterworks System Improvement Bonds	2005	2030	4.410	\$ 6,459,109
Water Pumping Improvement Bonds	2006	2026	4.175	1,637,987
Wastewater Pollution Control Improvement Bonds	2006	2026	4.175	3,685,188
Water System Improvement OWDA Loan	2009	2039	4.180	2,550,000
Wastewater System Improvement OWDA Loan	2009	2039	4.180	3,000,000
Wastewater System Improvement OWDA Loan	2009	2040	3.200	1,877,158
Wastewater System Improvement OWDA Loan	2010	2040	3.200	1,526,498
Water System Improvement OWDA Loan	2010	2040	2.870	2,412,478
Wastewater System Improvement OWDA Loan	2010	2040	2.870	1,431,432

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BUSINESS-TYPE ACTIVITIES	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
General Obligation Debt (Continued)				
Water System Improvement OWDA Loan	2011	2041	2.870	3,763,673
Wastewater System Improvement OWDA Loan	2011	2041	2.870	1,610,203
Water System Improvement OWDA Loan	2012	2041	2.870	4,013,186
Wastewater System Improvement OWDA Loan	2012	2043	2.860	3,451,434
Water System Improvement Bonds - 2013 Refunded	2013	2030	3.000	4,978,000
Wastewater System Improvement OWDA Loan	2013	2043	2.860	1,660,674
Wastewater System Improvement OWDA Loan	2013	2043	2.860	3,539,431
Water Improvement Bonds	2014	2039	3.760	8,160,000
Sewer Improvement Bonds	2014	2039	3.760	9,250,000
Water Pumping Improvement Bonds - 2006 Refunded	2015	2032	3.257	985,000
WWPC Improvement Bonds - 2006 Refunded	2015	2032	3.257	2,220,000
Wastewater Pollution Control Improvement Bonds	2017	2042	3.670	7,295,000
Water System Improvement Bonds	2018	2053	4.490	7,600,000
Wastewater Pollution Control Improvement Bonds	2018	2053	4.490	14,600,000
Water System Improvement Bonds - 2018 Refunded	2019	2030	4.000	1,825,000
Wastewater Pollution Control Improvement Bonds	2019	2039	3.430	4,000,000
Water System Improvement Bonds - 2018 Refunded	2019	2039	3.978	6,970,000
Wastewater Pollution Control Bonds - 2017 Refunded	2019	2039	3.978	7,915,000
Water System Improvement Bonds - 2018 Refunded	2019	2047	3.400	5,315,000
Wastewater Pollution Control Bonds - 2018 Refunded	2019	2047	3.400	10,275,000
Wastewater System Improvement OWDA Loan	2019	2049	0.000	1,730,377
Wastewater System Improvement OWDA Loan	2019	2051	0.000	979,330
East Side Relief Sewer 1B South OWDA Loan	2020	2049	0.000	1,056,054
East Side Relief Sewer 1C South OWDA Loan	2020	2051	0.000	7,709,211
Wet Weather Screening Facilities Phase 1 OWDA Loan	2020	2050	0.000	453,150
East Side Relief Sewer 1C Trenchless OWDA Loan	2020	2052	0.000	4,172,027
Lead Service Line Replacement - Phase 1 - OWDA Loan	2021	2031	0.000	907,700
Lead Service Line Replacement - Phase 2 - OWDA Loan	2021	2031	0.000	290,885
4.50% Garbage Truck Note Due June 2024	2023	2024	4.500	300,000
East Side Relief Sewer 1D and 2N OWDA Loan	2023	2054	2.420	25,571,038
Lead Service Line Replacement - Phase 3 - OWDA Loan	2023	2034	0.000	242,589
East Diversion Structure OWDA Loan	2024	2055	3.610	2,161,648

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A listing of changes in the bonds, notes and other long-term obligations of the City for the year ended December 31, 2024 are as follows:

	<u>January 1, 2024</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>December 31, 2024</u>
<u>General Obligation Bonds and Direct Borrowing</u>				
3.00% 2013 Industrial Parkway Refunded				
Bonds Due 2024	\$ 56,000	\$	\$ (56,000)	\$
3.833% 2015 Municipal Court Refunded				
Bonds Due 2032	4,555,000		(435,000)	4,120,000
4.00% 2019 City Hall Construction Refunded				
Bonds Due 2026	1,325,000		(425,000)	900,000
4.00% 2019 Industrial Parkway Refunded				
Bonds Due 2024	70,000		(70,000)	
Total General Obligation Bonds	<u>6,006,000</u>		<u>(986,000)</u>	<u>5,020,000</u>
<u>Direct Borrowing</u>				
0.00% 2006 State Issue II Loan				
Third Street Storm Sewer Due 2026	30,238		(8,639)	21,599
0.00% 2011 State Issue II Loan				
Abbe Rd. South Due 2026	171,267		(48,933)	122,334
0.00% 2012 State Issue II Loan				
Ford Rd. Bridge Due 2042	216,829		(10,325)	206,504
0.00% 2013 State Issue II Loan				
Ford Rd. Bridge Due 2043	385,328		(17,515)	367,813
0.00% 2018 State Issue II Loan				
Tremont Street Due 2029	6,000		(1,000)	5,000
0.00% 2020 State Issue II Loan				
Gulf Road Reconstruction	45,897		(7,061)	38,836
0.00% 2020 State Issue II Loan				
Gulf Road Resurfacing	22,427		(3,450)	18,977
3.00% 2020 State Rt. 113 Paving				
State Infrastructure Bank Loan Due 2029	474,898		(80,862)	394,036
3.00% 2020 State Rt. 20 Paving				
State Infrastructure Bank Loan Due 2039	135,575		(7,077)	128,498
0.00% 2021 State Issue II Loan				
Lake Avenue / West Avenue Resurfacing	81,484		(10,865)	70,619
0.00% State Issue II Loan-Gulf Road				
Resurfacing (Gulf to Windbrook) Due 2032	15,793		(1,755)	14,038
0.00% State Issue II Loan-Burns Road				
Resurfacing (Abbe to Gulf) Due 2032	9,081		(956)	8,125
0.00% 2023 State Issue II Loan-Hilliard Road				
Resurfacing (Abbe to Gulf) Due 2033	20,725		(2,182)	18,543
0.00% 2023 State Issue II Loan-Abbe Road				
Resurfacing (SR 57 to Cleveland St) Due 2032	11,489		(1,276)	10,213
0.00% 2023 State Issue II Loan-Fuller Road				
Repair and Resurfacing Due 2033	17,502		(1,750)	15,752
0.00% 2024 State Issue II Loan-Lake Avenue				
Repair and Resurfacing Due 2034		9,396		9,396
0.00% 2024 State Issue II Loan-Abbe Road				
(Chestnut Ridge to University Ave) Due 2034		20,868		20,868
0.00% 2024 State Issue II Loan-Chestnut Ridge				
(SR 57 to Stillwater) Due 2034		15,846		15,846

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<u>GOVERNMENTAL ACTIVITIES (continued)</u>	Balance			Balance
Total Direct Borrowing (Continued)	January 1, 2024	Additions	(Reductions)	December 31, 2024
0.00% 2024 State Issue II Loan-Foster Avenue (Lorain Road to West River Road) Due 2034		4,478		4,478
3.00% 2024 Cleveland St./East Bridge St. Project State Infrastructure Bank Loan Due 2038		747,537		747,537
3.00% 2024 East Broad St. Improvement Project State Infrastructure Bank Loan Due 2037		826,616		826,616
Total Direct Borrowing	<u>1,644,533</u>	<u>1,624,741</u>	<u>(203,646)</u>	<u>3,065,628</u>
Total General Obligation Bonds And Direct Borrowing	<u>\$ 7,650,533</u>	<u>\$ 1,624,741</u>	<u>\$ (1,189,646)</u>	<u>\$ 8,085,628</u>
<u>Direct Placement</u>				
4.50% Chestnut Commons Connector Road Notes Due June 2024	\$ 5,200,000	\$	\$ (5,200,000)	\$
4.625% Chestnut Commons Connector Road Notes Due June 2025		5,200,000		5,200,000
4.50% Pumper Fire Truck Notes Due June 2024	330,000		(330,000)	
4.625% Pumper Fire Truck Notes Due June 2025		220,000		220,000
3.75% Public Works Complex Construction Notes Due December 2025		21,000,000		21,000,000
Total Direct Placement	<u>5,530,000</u>	<u>26,420,000</u>	<u>(5,530,000)</u>	<u>26,420,000</u>
<u>Direct Financing</u>				
Direct Financing Purchase - Fire Truck	94,005		(46,247)	47,758
Total Direct Financing	<u>94,005</u>		<u>(46,247)</u>	<u>47,758</u>
<u>Other Obligations</u>				
Compensated absences - non-current portion	3,856,119		(656,943)	3,199,176
Unamortized bond premiums	2,060,983		(138,148)	1,922,835
Total Other Obligations	<u>5,917,102</u>		<u>(795,091)</u>	<u>5,122,011</u>
<u>Net Pension Liability</u>				
OPERS	18,052,899		(2,383,438)	15,669,461
OP&F	49,147,094	338,602		49,485,696
Total Net Pension Liability	<u>67,199,993</u>	<u>338,602</u>	<u>(2,383,438)</u>	<u>65,155,157</u>
<u>Net Other Post-employment Benefits Liability</u>				
OPERS	2,986,168		(2,986,168)	
OP&F	1,069,194	2,670,543		3,739,737
Total Other Post-employment Benefits Liability	<u>4,055,362</u>	<u>2,670,543</u>	<u>(2,986,168)</u>	<u>3,739,737</u>
TOTAL GOVERNMENTAL ACTIVITIES DEBT AND OTHER LONG-TERM OBLIGATIONS	<u>\$ 90,446,995</u>	<u>\$ 31,053,886</u>	<u>\$ (12,930,590)</u>	<u>\$ 108,570,291</u>

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BUSINESS-TYPE ACTIVITIES

	Balance			Balance
	<u>January 1, 2024</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>December 31, 2024</u>
<u>General Obligation Bonds:</u>				
3.00% 2013 Waterworks System Improvement Bonds Due 2030	\$ 1,287,000	\$	\$ (149,000)	\$ 1,138,000
3.257% 2015 Water Pumping Improvement Bonds Refunded Due 2032	310,000		(100,000)	210,000
3.257% 2015 Wastewater Pollution Control Improvement Bonds Refunded Due 2032	715,000		(230,000)	485,000
3.670% 2017 Wastewater Pollution Control Improvement Bonds Refunded Due 2042	6,180,000		(230,000)	5,950,000
4.49% 2018 Water System Improvement Bonds Due 2053	2,615,000		(120,000)	2,495,000
4.49% 2018 Wastewater System Improvement Bonds Due 2043	5,030,000		(230,000)	4,800,000
4.00% 2019 Water System Improvement Refunding Bonds Due 2030	1,285,000		(160,000)	1,125,000
3.43% 2019 Wastewater Pollution Control Improvement Bonds Due 2039	3,615,000		(165,000)	3,450,000
3.978% 2019 Water System Improvement Refunding Bonds Due 2039	6,080,000		(285,000)	5,795,000
3.978% 2019 Wastewater Pollution Control Refunding Bonds Due 2039	6,910,000		(315,000)	6,595,000
3.40% 2019 Water System Improvement Refunding Bonds Due 2047	5,150,000		(45,000)	5,105,000
3.40% 2019 Wastewater Pollution Control Refunding Bonds Due 2047	9,945,000		(80,000)	9,865,000
Total General Obligation Bonds	<u>49,122,000</u>		<u>(2,109,000)</u>	<u>47,013,000</u>
<u>Direct Borrowing</u>				
4.180% 2009 OWDA Loan Water System Improvement Due 2039	1,736,521		(78,153)	1,658,368
4.180% 2009 OWDA Loan Wastewater Pollution Control Plant Improvement Due 2039	2,042,968		(91,944)	1,951,024
4.180% 2009 OWDA Loan Wastewater Pollution Control Plant Improvement Due 2039	2,260,848		(105,754)	2,155,094
2.87% 2010 OWDA Loan Water System Improvement Due 2040	7,093,653		(309,068)	6,784,585
2.87% 2010 OWDA Loan Wastewater System Improvement Due 2040	2,123,819		(91,604)	2,032,215
2.86% 2012 OWDA Loan Wastewater System Improvement Due 2043	3,780,077		(148,815)	3,631,262
2.86% 2013 OWDA Loan Wastewater System Improvement Due 2043	2,848,454		(92,754)	2,755,700
0.00% 2019 East Side Relief Sewer 1B South OWDA Loan Due 2049	2,414,876		(92,881)	2,321,995
0.00% 2019 East Side Relief Sewer 1C OWDA Loan Due 2051	9,216,731		(307,823)	8,908,908

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

BUSINESS-TYPE ACTIVITIES (Continued)

	Balance			Balance
<u>Direct Borrowing (Continued)</u>	<u>January 1, 2024</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>December 31, 2024</u>
Phase 1 CSO OWDA Loan Due 2050	\$ 407,835		\$ (15,105)	\$ 392,730
0.00% 2020 East Side Relief Sewer 1C				
Trenchless OWDA Loan Due 2050	4,336,644		(148,380)	4,188,264
0.00% 2021 Lead Service Line Replacement				
Phase 1 OWDA Loan Due 2032	33,196		(3,494)	29,702
2.42% 2023 East Side Relief Sewer 1D and 2N				
OWDA Loan Due 2054	14,901,796	10,669,242	(316,291)	25,254,747
0.00% 2023 Lead Service Line Replacement				
Phase 3 OWDA Loan Due 2034	232,856	520,225	(270,561)	482,520
3.610% 2024 East Diversion OWDA Loan				
Due 2055		2,165,794	(1,800,000)	365,794
Total Direct Borrowing	<u>53,430,274</u>	<u>13,355,261</u>	<u>(3,872,627)</u>	<u>62,912,908</u>
 <u>Direct Placement</u>				
4.50% Garbage Truck Note Due June 2024	300,000		(300,000)	
4.625 Garbage Truck Note Due June 2025		250,000		250,000
Total Direct Placement	<u>300,000</u>	<u>250,000</u>	<u>(300,000)</u>	<u>250,000</u>
 <u>Direct Financing</u>				
August 2021 WWPC Camera Truck Financed				
Purchase Agreement Due 2026	149,846		(46,540)	103,306
2022 WWPC Vactor Truck				
Financed Purchase Agreement Due 2027	657,867		(98,055)	559,812
2022 WWPC Vactor Truck				
Financed Purchase Agreement Due 2027	691,029		(104,158)	586,871
2023 WWPC Camera Truck Financed Purchase				
Agreement Due 2028	325,349		(54,337)	271,012
Total Direct Financing	<u>1,824,091</u>		<u>(303,090)</u>	<u>1,521,001</u>

(Continued on subsequent page)

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

BUSINESS-TYPE ACTIVITIES (Continued)

	Balance <u>January 1, 2024</u>	<u>Additions</u>	<u>(Reductions)</u>	Balance <u>December 31, 2024</u>
<u>Other Obligations</u>				
Compensated absences-non-current portion	955,086	133,389	(119,118)	969,357
Unamortized bond premiums	142,141		(39,464)	102,677
Total Other Obligations	<u>1,097,227</u>	<u>133,389</u>	<u>(158,582)</u>	<u>1,072,034</u>
<u>Net Pension Liability - OPERS:</u>				
Water	7,594,269		(863,960)	6,730,309
Special Parks & Recreation	159,349		(72,332)	87,017
Sanitation	4,185,787		(892,586)	3,293,201
Wastewater	8,872,937		(1,185,459)	7,687,478
Total Net Pension Liability - OPERS:	<u>20,812,342</u>		<u>(3,014,337)</u>	<u>17,798,005</u>
<u>Net Other Post-employment</u>				
<u>Benefits Liability - OPERS:</u>				
Water	156,356		(156,356)	
Special Parks & Recreation	3,280		(3,280)	
Sanitation	86,183		(86,183)	
Wastewater	182,686		(182,686)	
Total Net Pension Liability - OPERS:	<u>428,505</u>		<u>(428,505)</u>	
TOTAL BUSINESS-TYPE ACTIVITIES DEBT AND OTHER LONG-TERM OBLIGATIONS	<u>\$ 127,014,439</u>	<u>\$ 13,738,650</u>	<u>\$ (10,186,141)</u>	<u>\$ 130,566,948</u>

All notes have been issued in anticipation of long-term financing. Ohio Law permits the issuance and renewal of bond anticipation notes such that the notes may remain outstanding for twenty years consecutively before such notes must be retired either from available funds of the City or from the proceeds of bonds issued to redeem the anticipation notes. If such notes and renewals of such notes remain outstanding for a period in excess of five years, any such period in excess of five years must be deducted from the permitted maximum maturity of bonds anticipated. Furthermore, a certain portion of the principal amount of such notes must be retired in the amounts and at the times that would have been required for payment of principal maturities on the bonds anticipated as if the bonds had been issued at the expiration of the initial five-year period.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

FUTURE DEBT SERVICE REQUIREMENTS

A summary of the City's future debt service requirements for its bond, construction loan and capital lease note obligations as of December 31, 2024 follows:

GOVERNMENTAL ACTIVITIES

	<u>Special Assessment Debt</u>		<u>Other Bonds, Notes, Construction Loans, and Direct Financing</u>	
<u>Due In</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025			\$ 22,306,164	\$ 495,889
2026			6,553,417	227,108
2027			781,278	184,134
2028			777,735	158,570
2029			754,274	130,764
Thereafter			3,380,518	316,945
TOTALS	\$	\$	\$ 34,553,386	\$ 1,513,410

BUSINESS-TYPE ACTIVITIES

	<u>OWDA Loans</u>		<u>Other Bonds, Notes and Direct Financing</u>	
<u>Due In</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,902,805	\$ 1,041,060	\$ 2,611,254	\$ 1,797,533
2026	1,942,655	1,001,309	2,731,330	1,691,964
2027	1,983,771	958,094	2,741,830	1,596,903
2028	2,026,209	917,675	2,116,587	1,494,237
2029	2,070,055	875,911	2,100,000	1,419,219
Thereafter	52,987,413	7,740,790	36,483,000	14,057,806
TOTALS	\$ 62,912,908	\$ 12,534,839	\$ 48,784,001	\$ 22,057,662

All bonds and notes are backed by the full faith and credit of the City. While special assessments have been levied to pay the debt service of the special assessment bonds, the bonds are also backed by the full faith and credit of the City. No reserve or sinking fund has been established to cover defaults by property owners. Although the bonds and notes of the enterprise funds are general obligations of the City, the City's policy is to have the debt serviced by the revenues of the respective enterprise funds. The Ohio Water Development Authority construction loans are secured by the revenues of the City's water and wastewater treatment operations. The loans require, among other things, that the City charge sufficient rates and fees for water wastewater treatment services to enable the revenues to service the loan principal and interest payments and provide resources for the payment of the necessary operating and maintenance expenses of the facility. The City was not required to pledge the general resources or general credit of the City to secure the repayment of the loans. The financed purchase in the governmental activities represent the financed purchase of a new fire truck. The present value of the minimum financed payments as of December 31, 2024 were \$47,758 and the total minimum financed payments were \$49,319. The financed purchase of the enterprise funds represents the financed purchase of four sewer vacor trucks and three sewer camera trucks. The present values of the minimum financed payments as of December 31, 2024 were \$1,521,001 and the total minimum financed payments were \$1,684,618. There are no repayment schedules for the net pension

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund and Water, Sanitation and Wastewater Pollution Control Funds. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

Under the Uniform Bond Act of the Ohio Revised Code, at December 31, 2024, the City had the capacity to issue approximately \$29,381,275 of additional, unvoted general obligation debt.

Long-term liability activity excluding activity pertaining to short-term Capital Projects bond anticipation notes payable for the year ended December 31, 2024, was as follows:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024	Amount Due in One Year
Governmental Activities:					
Bonds Payable					
General Obligation Bonds	\$ 6,006,000	\$	\$ (986,000)	\$ 5,020,000	\$ 885,000
Total Bonds Payable	6,006,000		(986,000)	5,020,000	885,000
General Obligation Bond Anticipation Notes	5,530,000	26,420,000	(5,530,000)	26,420,000	21,110,000
State Issue II Construction Loans	1,034,060	50,588	(115,707)	968,941	120,767
State Infrastructure Bank Loans	610,473	1,574,153	(87,939)	2,096,687	142,639
Compensated Absences	3,856,119		(656,943)	3,199,176	148,753
Direct Financing	94,005		(46,247)	47,758	47,758
Unamortized bond premiums	2,060,983		(138,148)	1,922,835	172,632
Net Pension Liability	67,199,993	338,602	(2,383,438)	65,155,157	
Net OPEB Liability	4,055,362		(315,625)	3,739,737	
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 90,446,995</u>	<u>\$ 28,383,343</u>	<u>\$ (10,260,047)</u>	<u>\$ 108,570,291</u>	<u>\$ 22,627,549</u>
Business-Type Activities					
General Obligation Bonds	\$ 49,122,000	\$	\$ (2,109,000)	\$ 47,013,000	\$ 2,195,000
General Obligation Bond Anticipation Notes	300,000	250,000	(300,000)	250,000	100,000
OWDA Loans	53,430,274	13,355,261	(3,872,627)	62,912,908	1,902,805
Compensated Absences	955,086	133,389	(119,118)	969,357	
Direct Financing	1,824,091		(303,090)	1,521,001	316,254
Unamortized bond premiums	142,141		(39,464)	102,677	41,802
Net Pension Liability	20,812,342		(3,014,337)	17,798,005	
Net OPEB Liability	428,505		(428,505)		
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 127,014,439</u>	<u>\$ 13,738,650</u>	<u>\$ (10,186,141)</u>	<u>\$ 130,566,948</u>	<u>\$ 4,555,861</u>

NOTE 14 – COMMITMENTS

The City has entered into a contract for the 2024 Street Resurfacing Project Phase 2 in the amount of \$738,180 which will be funded by income tax revenues receipted in the 2016 .50% Income Tax Special Revenue Fund.

The City has entered into a contract for the rehabilitation of the Overbrook Road Pump Station in the amount of \$724,859 which will be funded by user fees receipted in the Wastewater Pollution Control Enterprise Fund.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The City has entered into a contract for continued work on the SSO/CSO/WWPC Wet Weather Study at a cost of \$1,260,000 which will be funded by user fees received in the Wastewater Pollution Control Enterprise Fund.

The City has entered into a contract for the study of the condition of the water transmission lines that run from the Water Pumping Plant in Lorain to the City of Elyria at a cost of \$1,510,000 and will be funded with user fees received in the Water Enterprise Fund.

The City has entered into a contract for the Wastewater Pollution Control Plant Wet Weather Diversion and Piping Improvement Project at a cost of \$2,582,210. This project will be funded by a Water Pollution Control Loan administered by the Ohio Water Development Authority and will be repaid with user fees received in the Wastewater Pollution Control Enterprise Fund beginning in 2024 and ending in 2054.

The City has entered into a contract for the paving of parking lots located at various parks and recreation centers across the City in the amount of \$679,160 and will be funded by income tax revenues received in the 2016 .50% Income Tax Special Revenue Fund.

The City has entered into a contract for improvements to the ballfield located at South Park in the amount of \$430,328 and will be funded by income tax revenues received in the 2016 .50% Income Tax Special Revenue Fund.

In addition to the aforementioned commitments, there were \$951,073 purchases on order in the General Fund, \$733,173 in the 2016 .50% Income Tax Fund, \$506,447 in the American Rescue Plan Act Fund \$63,689 in the Chestnut Commons Connector Road Fund and \$1,966,486 in all non-major governmental funds combined.

NOTE 15 – REHABILITATION LOANS / DUE FROM OTHER GOVERNMENTS

In the Block Grant and Comprehensive Housing Improvement Program Grant Special Revenue Funds, rehabilitation loans totaling \$2,776,049 and \$3,156,514, respectively, represent non-interest-bearing loans made under the City's federal community development block grant to qualifying citizens for the rehabilitation of residential property within the City. In the Wastewater Pollution Control Enterprise Fund, rehabilitation loans of \$424,798 represent non-interest-bearing loans made under the City's sewer lateral program for the rehabilitation of sanitary sewer laterals within the City. The loans are secured by mortgages against the individual residences and are not due until the earlier of the following:

- 1.) The sale of the home.
- 2.) The death of the owner of the home.

NOTE 16 – NEW ACCOUNTING STANDARDS

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective as follows: (1) the requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosure of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance, (2) the requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15,

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

2022 and all reporting periods thereafter, (3) the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 and all reporting periods thereafter. The City has implemented the requirements of this Statement in its Annual Comprehensive Financial Report for the Year Ended December 31, 2024 and it did not have a significant impact on its financial statements or disclosures.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter. Earlier application is encouraged. The City has implemented the requirements of this Statement in its Annual Comprehensive Financial Report for the Year Ended December 31, 2024 and it did not have a significant impact on its financial statements or disclosures.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 and all reporting periods thereafter. Earlier application is encouraged. The City has implemented the requirements of this Statement in its Annual Comprehensive Financial Report for the Year Ended December 31, 2024 and it did not have a significant impact on its financial statements and disclosures.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. The City has not determined the impact, if any, on its financial statements or disclosures.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The City has not determined the impact, if any, on its financial statements or disclosures.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The City has not determined the impact, if any, on its financial statements or disclosures.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 17 – TRANSFERS

Transfer-in

Other Governmental Funds
\$94,680

Transfer-out

Other Governmental Funds
\$94,680

Interfund transfers included \$94,680 from the Law Enforcement Fund to the EPD Equitable Sharing Fund to account for all federal equitable sharing funds received from the U.S. Department of Justice and the U.S. Department of the Treasury in a separate Special Revenue Fund.

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CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 18 – FUND BALANCES

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>2016 .50% Income Tax Fund</u>	<u>American Rescue Plan Act</u>	<u>Chestnut Commons Connector Road</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable						
Cemetery Endowment	\$	\$	\$	\$	\$ 693,820	\$ 693,820
<i>Total Nonspendable</i>					693,820	693,820
Restricted for						
Road Improvements				71,464	5,495,443	5,566,907
Police Operations					7,938,157	7,938,157
Police Pension					1,445,769	1,445,769
Fire Pension					1,360,086	1,360,086
Health Programs					161,047	161,047
Recreational Programs					227,174	227,174
Community Programs					7,381,764	7,381,764
Environmental Programs					12,597	12,597
Economic Relief Programs						
Municipal Court Operations					2,396,252	2,396,252
Debt Service					3,617,494	3,617,494
<i>Total Restricted</i>				71,464	30,035,783	30,107,247
Committed to						
Road Improvements		2,029,513			69,343	2,098,856
Recreational Programs					10,601	10,601
Police Operations		1,053,744				1,053,744
Parks & Recreation		147,161				147,161
Economic Development		845,867				845,867
Basic City Services		1262,194				1262,194
Capital Needs		1,538,035				1,538,035
Special Item					203,351	203,351
<i>Total Committed</i>		8,200,969			283,295	8,484,264
Assigned to						
Subsequent Year's Budget:						
Appropriation of Fund Balance	10,264,694					10,264,694
Purchases on Order For:						
Public Safety	177,297					177,297
Health						
Culture and Recreation	31,098					31,098
Community Environment	285,721					285,721
General Government	456,328					456,328
<i>Total Assigned</i>	112,15,138					112,15,138
Unassigned (deficits):	6,713,024				(5,470)	6,707,554
<i>Total Fund Balances</i>	\$ 17,928,162	\$ 8,200,969	\$	\$ 71,464	\$ 31,007,428	\$ 57,208,023

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 19 – JOINT ECONOMIC DEVELOPMENT DISTRICTS

The City of Elyria participates in two Joint Economic Development District's created in accordance with sections 715.72 through 715.83 of the Ohio Revised Code.

In 2004, the City entered into a contract with Elyria Township to form the Elyria Township – City of Elyria Joint Economic Development District (JEDD). The purpose of the JEDD is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the Township and the City. The City and the Township shall work together to provide or cause to be provided, water, sewer, storm sewer, street lighting, roads, sidewalks and other local government services to the area. These services are funded by a predetermined percentage of income tax revenue. The Board of Directors consists of five members, the Township appoints two; one representing the Township and one representing the business owners in the JEDD, the City appoints two; one representing the City and one representing persons working within the JEDD, the fifth member shall serve as chairman and shall be elected by the other four members. The Board adopted an annual budget for the JEDD and estimated the revenues and expenses of the operation of the JEDD. They also established the distribution of the income tax revenues. The Board is authorized to take such necessary and appropriate actions, or establish such programs to facilitate economic development in the JEDD area. The JEDD is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2024, the Elyria Township JEDD had gross distributions of \$627,084 to the City and \$156,771 to Elyria Township.

In 2006, the City entered into a contract with Eaton Township to form the Eaton Northwestern Professional Business Joint Economic Development District (JEDD). It is entirely located in the Eaton Township, and its primary purpose is to allow property owners in the JEDD to connect into the City of Elyria's sanitary sewer system and direct flow of sanitary sewage to sanitary sewer facilities of the City. The City is responsible for the collection, enforcement and administration of the income tax. In 2024, the Eaton Township JEDD had gross distributions of \$67,312 to the City and \$16,828 to Eaton Township.

NOTE 20 – TAX ABATEMENT DISCLOSURES

Pursuant to Governmental Accounting Standards Board Statement No.77, Tax Abatement Disclosures, the City is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement No. 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promise to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. A description of the City's abatement programs where the City has promised to forgo taxes follows:

- Community Reinvestment Area (CRA) programs are an economic development tool administered by municipal and county government that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRAs are areas of land in which property owners can receive tax incentives for investing in real property improvements. These programs permit municipalities or counties to designate areas where investment has been discouraged as a CRA to encourage revitalization of the existing housing stock and the development of new structures. Total amount of taxes abated through CRA Programs in 2024 were \$274,130.

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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- Enterprise Zone programs are an economic development tool administered by municipal and county governments that provides real property tax exemptions to businesses making investments in local communities. Enterprise Zones are designated areas of land in which business can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible (except as noted within rare circumstances). Local communities may offer tax incentives for non-retail projects that are established or expanding operations in the community. Real property investments are eligible for tax incentives. Total amount of taxes abated through Enterprise Zone programs in 2024 were \$132,202.

NOTE 21 – INTERNAL ACTIVITY

Internal Balances – Change in Proportionate Share

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole.

Balances related to the internal proportionate share for pension and OPEB at December 31, 2024, were as follows:

	Pension		OPEB	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Governmental Activities	\$0	\$2,448	\$2,687	\$0
Business-Type Activities:				
Water	2,085	0	0	166
Special Parks and Recreation	316	289	0	15,930
Sanitation	185	34	9,534	0
Wastewater Pollution Control	446	277	3,875	0
Storm Water	21	5	0	0
Total Business-Type Activities	3,053	605	13,409	16,096
Total	\$3,053	\$3,053	\$16,096	\$16,096

CITY OF ELYRIA, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 22 – SUBSEQUENT EVENT

On January 17, 2025, the City issued \$784,000 of ten-year general obligation bonds at an interest rate of 4.728%. The proceeds from this issue will be used for the purpose of paying costs of acquiring a roadway (Eaton Point Crossing) for public access located at the southeast corner of State Route 57 and Chestnut Ridge Road in the City. These bonds will be retired with tax increment financing payments receipted from the commercial entities on the site in lieu of property taxes.

On May 6, 2025, 62.3% of the voting residents of the City of Elyria extended the .50% 5-year temporary income tax that is used for the repair and resurfacing of residential streets, additional police officers and equipment, capital needs of the City including projects for the Elyria Parks and Recreation Department as they may be determined by the Parks Master Plan and economic development and promotion of the City. This temporary tax was scheduled to end on June 30, 2026 and now has been extended to June 30, 2031.

On June 25, 2025, the City issued \$5,460,000 of one-year general obligation bond anticipation notes. Of these notes, \$200,000 along with \$50,000 of existing monies in the City's Sanitation Enterprise Fund was used to retire the previously issued Garbage Truck notes, \$110,000 along with \$110,000 was used to retire previously issued Pumper Fire Truck Notes and \$5,200,000 was used to retire previously issued Chestnut Commons Connector Road notes. These notes issued on June 25, 2025 will mature on June 25, 2026 and bear interest at the rate of 4.375% per year, payable at maturity.

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APPENDIX D

Proposed Text of Opinion of Bond Counsel

We have served as bond counsel to our client the City of Elyria, Ohio (the “City”), in connection with the issuance by the City of its \$5,000,000 * Central Maintenance Facility Construction Notes, Series 2025 (the “Notes”), dated the date of this letter, and issued for the purpose of paying costs of constructing, furnishing and equipping a new central maintenance garage facility for the storage and maintenance of City-owned motor vehicles and equipment, including spaces for consumable material storage, vehicle washing, fueling facilities, decontamination, evidence storage for the City’s Police Department and office and administrative functions, and clearing, equipping and improving its site.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the Notes, the signed Note representing the entire issue and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Notes constitute valid and binding general obligations of the City, and the principal of and interest on the bonds in anticipation of which the Notes are issued, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes, within the ten-mill limitation imposed by law, on all property subject to ad valorem taxes levied by the City.
2. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on, and any profit made on the sale, exchange or other disposition of, the Notes are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the Notes.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the City.

In rendering those opinions with respect to the treatment of the interest on the Notes under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the City. Failure to comply with certain of those covenants subsequent to issuance of the Notes may cause interest on the Notes to be included in gross income for federal income tax purposes retroactively to their date of issuance.

* Preliminary; subject to change.

The rights of the owners of the Notes and the enforceability of the Notes are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery, and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Notes is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX E

Book-Entry System; DTC

Book-Entry System

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its “Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance” (September 2024). As such, the City believes it to be reliable, but the City takes no responsibility for the accuracy or completeness of that information. It has been adapted to the Note issue by substituting “Notes” for “Securities,” “City” for “Issuer” and “Paying Agent” for “registrar” and by the addition of the italicized language set forth in the text. See also the additional information following those numbered paragraphs.

1. The Depository Trust Company (“DTC”), will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note certificate will be issued for each (*maturity*) of the Notes, each in the aggregate principal amount of such (*maturity*), and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. (*This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Official Statement.*)

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct

or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividends (*debt charges payments*) on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends (*debt charges*) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. (*Not Applicable to the Notes.*)

10. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed (*or otherwise produced*) and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed (*or otherwise produced*) and delivered to DTC. (*See also **Revision of Book-Entry System; Replacement Notes.***)

12. The information (*above*) in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The City and the Paying Agent have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The City and the Paying Agent have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The City and the Paying Agent cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Notes made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

For all purposes under the Note proceedings (except the Continuing Disclosure Agreement under which others as well as DTC may be considered an owner or holder of the Notes, see **Continuing Disclosure Agreement**), DTC will be and will be considered by the City and the Paying Agent to be the owner or holder of the Notes.

Beneficial Owners will not receive or have the right to receive physical delivery of Notes, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the City and the Paying Agent to be, and will not have any rights as, owners or holders of Notes under the Note proceedings.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

Revision of Book-Entry System; Replacement Notes

The Note proceedings provide for issuance of fully-registered Notes(Replacement Notes) directly to owners of Notes other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Notes. Upon occurrence of this event, the City may in its discretion attempt to have established a securities

depository book-entry relationship with another securities depository. If the City does not do so, or is unable to do so, and after the Paying Agent has made provision for notification of the Beneficial Owners of the Notes by appropriate notice to DTC, the City and the Paying Agent will authenticate and deliver Replacement Notes of any one maturity, in authorized denominations, to or at the direction of any persons requesting such issuance, and, if the event is not the result of City action or inaction, at the expense (including legal and other costs) of those requesting.

Debt charges on Replacement Notes will be payable when due without deduction for the services of the Paying Agent as paying agent. Principal of and any premium on Replacement Notes will be payable when due to the registered owner upon presentation and surrender at the designated corporate trust office of the Paying Agent. Interest on Replacement Notes will be payable on the interest payment date by the Paying Agent by transmittal to the registered owner of record on the Paying Agent as of the 15th day preceding the interest payment date. Replacement Notes will be exchangeable for other Replacement Notes of authorized denominations, and transferable, at the designated corporate trust office of the Paying Agent without charge (except taxes or governmental fees). Exchange or transfer of then-redeemable Replacement Notes is not required to be made: (i) between the 15th day preceding the mailing of notice of redemption of Replacement Notes and the date of that mailing, or (ii) of a particular Replacement Note selected for redemption (in whole or part).

APPENDIX F

Proposed Form of Continuing Disclosure Agreement

\$5,000,000*
City of Elyria, Ohio
Central Maintenance Facility Construction Notes, Series 2025

CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT, dated December 17, 2025 (the Agreement), is made, signed and delivered by the **CITY OF ELYRIA, OHIO** (the City), a municipal corporation and political subdivision duly organized and existing under the Constitution and laws of the State of Ohio and its Charter, for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the City's \$5,000,000 Central Maintenance Facility Construction Notes, Series 2025 (the Notes), authorized by Ordinance No. 2025-117, passed by the City Council of the City on October 20, 2025 (the Note Ordinance).

RECITAL

The City, by passage of the Note Ordinance, has determined to issue the Notes to provide funds for City purposes, and Stifel, Nicolaus & Company, Incorporated (the Participating Underwriter), has agreed to provide those funds to the City by purchasing the Notes. As a condition to the purchase of the Notes from the City and the sale of Notes to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the City has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Notes, to provide certain information in accordance with the Rule (as defined herein).

NOW, THEREFORE, in accordance with the Note Ordinance, the City covenants and agrees as set forth in this Continuing Disclosure Agreement.

Section 1. Purpose of Continuing Disclosure Agreement. This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriter of the Notes in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the Rule).

Section 2. Definitions. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to "Sections" shall mean sections of this Agreement.

"Annual Filing" means any Annual Information Filing provided by the City pursuant to, and as described in, Sections 3 and 4.

* Preliminary, subject to change.

“Audited Financial Statements” means the audited basic financial statements of the City, prepared in conformity with generally accepted accounting principles.

“Beneficial Owner” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

“EMMA” means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Filing Date” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning September 30, 2026, and, as to the Audited Financial Statements, when and if available, starting with the Audited Financial Statements for Fiscal Year 2025.

“Fiscal Year” means the 12-month period beginning on January 1 of each year or such other 12-month period as the City shall adopt as its fiscal year.

“Holder” means, with respect to the Notes, the person in whose name a Note is registered in accordance with the Note Ordinance.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” means, any person, including the issuer of municipal securities (such as the Notes), who is generally committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Official Statement); the City is the only Obligated Person for the Notes.

“Official Statement” means the Official Statement for the Notes dated December ___, 2025.

“Participating Underwriter” means any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

“Specified Events” means any of the events with respect to the Notes as set forth in Section 5(a).

“State” means the State of Ohio.

Section 3. Provision of Annual Information.

(a) The City shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and contain such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may cross-

reference other information as provided in Section 4; provided that the Audited Financial Statements of the City may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

(b) If the City is unable to provide to the MSRB an Annual Filing by the Filing Date, the City shall, in a timely manner, send a notice to the MSRB in an electronic format through EMMA, or as otherwise prescribed by the MSRB.

Section 4. Content of Annual Filing. The City's Annual Filing shall contain or include by reference the following:

(a) Financial information and operating data of the type included in the Official Statement under the captions: **Ad Valorem Property Taxes – Collections, – Special Assessments, and – Delinquencies**, together with information as to aggregate assessed valuation of the City and overlapping and City tax rates; **Municipal Income Tax; Nontax Revenues; Motor Vehicle License Tax; State Local Government Assistance Funds; City Debt and Other Long-Term Obligations**, including **Debt Tables**, as applicable; and **Appendices A and B-2**.

(b) The Audited Financial Statements of the City utilizing generally accepted accounting principles applicable to governmental units as described in the Official Statement, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the City to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including annual informational statements of the City or official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting Specified Events.

(a) The City shall provide to the MSRB, in an electronic format through EMMA, or as otherwise prescribed by the MSRB, and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than ten business days after the occurrence of the event, notice of any of the following events with respect to the Notes, as specified by the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties; ^(a)
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; ^(a)
- (5) Substitution of credit or liquidity providers, or their failure to perform; ^(a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS

Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security (*i.e.*, the Notes), or other material events affecting the tax status of the security;

- (7) Modifications to rights of security holders, if material;
- (8) Bond calls, if material, and tender offers; ^(b)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material; ^(c)
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person;
Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.
- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Note:

- (a) *The City has not obtained or provided, and does not expect to obtain or provide, any debt service reserves, credit enhancements or credit or liquidity providers for the Notes.*
- (b) *The Notes are not subject to redemption by the City prior to their stated maturity.*
- (c) *Repayment of the Notes is not secured by a lien on any property capable of release or sale or for which other property may be substituted.*

For the Specified Events described in Section 5(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13), (14) and (15), the City acknowledges that it must make a determination

whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

Section 6. Amendments. The City reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the City or type of business conducted by the City. Any such amendment or waiver shall not be effective unless the Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Notes, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the City shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the City that the amendment or waiver would not materially impair the interests of Holders of at least a majority of the principal amount of the Notes then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the City shall provide notice of such change in the same manner as for a Specified Event under Section 5 and (B) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Agreement shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the City chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the City shall have no obligation under this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

Section 8. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Notes. The exclusive remedy for any breach of the Agreement by the City shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the City of its obligations under this Agreement in a court in the County of Lorain, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Section 133.25(B)(4)(b) or (C)(1) of the Revised Code (or any like or comparable successor provisions); provided that any Holder or Beneficial Owner may exercise individually any such right to require the City to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to

require the City to comply with this Agreement shall first provide at least 30 days' prior written notice to the City of the City's failure, giving reasonable detail of such failure, following which notice the City shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Note Ordinance, and the sole remedy under this Agreement in the event of any failure of the City to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

Section 9. Appropriation. The performance by the City of its obligations under this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs that the City would be required to incur to perform those obligations. The City shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Agreement.

Section 10. Termination. The obligations of the City under the Agreement shall remain in effect only for such period that the Notes are outstanding in accordance with their terms and the City remains an Obligated Person with respect to the Notes within the meaning of the Rule. The obligation of the City to provide the information and notices of the events described above shall terminate, if and when the City no longer remains such an Obligated Person. If any person, other than the City, becomes an Obligated Person relating to the Notes, the City shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Section 11. Dissemination Agent. The City may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the City, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The City shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

Section 14. Governing Law. This Agreement shall be governed by the laws of the State.

[Signature Page Follows]

IN WITNESS WHEREOF, the City has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Participating Underwriter, as part of the Note proceedings and in connection with the original delivery of the Notes to the Participating Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Notes shall be deemed to have accepted this Agreement made in accordance with the Rule.

CITY OF ELYRIA, OHIO

By: *Exhibit – Not for Signature*
Mayor

By: *Exhibit – Not for Signature*
Finance Director

**CERTIFICATE OF FISCAL OFFICER –
CONTINUING DISCLOSURE AGREEMENT**

As fiscal officer of the City of Elyria, Ohio, I certify that the amount required to meet the obligation of the City under the Agreement made by the City in accordance with the Rule, as set forth in the Note Ordinance and the attached Continuing Disclosure Agreement, during Fiscal Year 2025 has been lawfully appropriated by the City for such purpose and is in the City treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This Certificate is given in compliance with Section 5705.41 of the Revised Code.

Dated: December 17, 2025

Exhibit – Not for Signature

Finance Director

City of Elyria, Ohio

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\$5,000,000*
CITY OF ELYRIA, OHIO
GENERAL OBLIGATION (Limited Tax)
CENTRAL MAINTENANCE FACILITY CONSTRUCTION NOTES, SERIES 2025



* Preliminary, subject to change.