



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF ENGLEWOOD
MONTGOMERY COUNTY
DECEMBER 31, 2022**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities.....	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	24
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	27
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	30
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) –	
General Fund	31
Fire and Rescue Fund	32
Police Fund	33
Street Fund	34
Statement of Fund Net Position – Proprietary Funds	35
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Fiduciary Net Position – Fiduciary Fund.....	39
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	40
Notes to the Basic Financial Statements	41

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY
DECEMBER 31, 2022**

**TABLE OF CONTENTS
(CONTINUED)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability/Net Pension Asset: Ohio Public Employees Retirement System (OPERS).....	89
Schedule of the City's Proportionate Share of the Net Pension Liability Ohio Police and Fire (OP&F) Pension Fund.....	91
Schedule of City Pension Contributions – Ohio Public Employees Retirement System (OPERS).....	93
Schedule of City Pension Contributions – Ohio Police and Fire (OP&F) Pension Fund.....	95
Schedule of the City's Proportionate Share of the Net OPEB Liability / Net OPEB Asset: Ohio Public Employees Retirement System (OPERS).....	97
Schedule of the City's Proportionate Share of the Net OPEB Liability: Ohio Police and Fire (OP&F) Pension Fund.....	99
Schedule of City OPEB Contributions – Ohio Public Employees Retirement System (OPERS).....	101
Schedule of City OPEB Contributions – Ohio Police and Fire (OP&F) Pension Fund.....	103
Notes to the Required Supplementary Information	105
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	109

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

City of Englewood
Montgomery County
333 West National Road
Englewood, Ohio 45322

To the City Council:

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 Englewood, Montgomery County, Ohio (City), as of and for the year ended December 31, 2022, 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 of Englewood, Montgomery County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Fire and Rescue, Police, and Street funds for the year then ended in accordance with the 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. 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 and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 28, 2023

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The management's discussion and analysis of the City of Englewood's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- The total net position of the City increased \$516,245. Net position of governmental activities increased \$115,172 or 0.30% from 2021's net position and net position of business-type activities increased \$401,073 or 1.76% from 2021's net position.
- General revenues accounted for \$13,206,154 or 76.96% of total governmental activities revenue. Program specific revenues accounted for \$3,953,741 or 23.04% of total governmental activities revenue.
- The City had \$17,044,723 in expenses related to governmental activities; \$3,953,741 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$13,090,982 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$13,206,154.
- The general fund had revenues and other financing sources of \$11,191,210 in 2022. This represents an increase of \$1,167,396 from 2021. The expenditures and other financing uses of the general fund, which totaled \$11,466,676 in 2022. The net decrease in fund balance for the general fund was \$275,466 or 4.17% less than the 2021 fund balance.
- The fire and rescue fund had revenues and other financing sources of \$3,765,107 in 2022. This represents an increase of \$1,205,523 from 2021 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$3,591,238 in 2022, increased \$419,675 from 2021. State grant revenue partially offset capital acquisitions, and EMS service revenue offset the cost of increased staffing. The net increase in fund balance for the fire and rescue fund was \$173,869 or 40.00%.
- The police fund had revenues and other financing sources of \$3,862,752 in 2022. This represents an increase of \$755,076 from 2021 revenues and other sources. The expenditures of the police fund, which totaled \$3,692,388 in 2022, increased \$134,685 from 2021. The net increase in fund balance for the police fund was \$170,364 or 40.67%.
- The street fund had revenues and other financing sources of \$3,283,351 in 2022. This represents an increase of \$712,992 from 2021 revenues and other financing sources. The expenditures of the street fund, which totaled \$2,537,296 in 2022, decreased \$1,010,851 from 2021. The net increase in the fund balance for the street fund was \$746,055 or 60.45%.
- The capital improvement fund had revenues and other financing sources of \$2,016,067 in 2022. The expenditures of the capital improvement fund totaled \$1,203,017 in 2022. The net increase in the fund balance for the capital improvement fund was \$813,050 or 14.10%.
- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, increased in 2022 by \$401,073.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

- Budgetary information is presented for the general fund, fire and rescue fund, police fund, and street fund. In the general fund, the actual revenues and other financing sources came in \$1,515,600 more than they were in the final budget and actual expenditures and other financing uses were \$1,271,137 less than the amount in the final budget. Budgeted revenues and other financing sources stayed the same from the original to the final budget and budgeted expenditures and other financing uses increased \$300,000 from the original to the final budget.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, and solid waste operations are reported here.

The City's statement of net position and statement of activities can be found on pages 21-23 of this report.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 14.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, fire and rescue fund, police fund, street fund, and capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 24-34 of this report.

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability/asset and net OPEB liability/asset, along with contributions to the pension systems.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position for 2022 compared to 2021.

	Net Position					
	2022 Governmental Activities	2021 Governmental Activities	2022 Business-type Activities	2021 Business-type Activities	2022 Total	2021 Total
<u>Assets</u>						
Current and other assets	\$ 24,978,121	\$ 23,583,652	\$ 4,063,503	\$ 3,665,003	\$ 29,041,624	\$ 27,248,655
Capital assets, net	<u>28,996,643</u>	<u>30,803,553</u>	<u>20,555,568</u>	<u>20,712,345</u>	<u>49,552,211</u>	<u>51,515,898</u>
Total assets	<u>53,974,764</u>	<u>54,387,205</u>	<u>24,619,071</u>	<u>24,377,348</u>	<u>78,593,835</u>	<u>78,764,553</u>
<u>Deferred outflows</u>	<u>7,441,584</u>	<u>5,088,911</u>	<u>118,647</u>	<u>148,834</u>	<u>7,560,231</u>	<u>5,237,745</u>
<u>Liabilities</u>						
Current liabilities	377,600	570,403	479,831	271,063	857,431	841,466
Long-term liabilities:						
Due within one year	376,782	370,592	30,221	30,118	407,003	400,710
Net pension liability	11,071,789	11,826,673	285,841	740,685	11,357,630	12,567,358
Net OPEB liability	1,605,590	1,374,253	-	-	1,605,590	1,374,253
Other liabilities	<u>568,993</u>	<u>360,837</u>	<u>45,193</u>	<u>44,789</u>	<u>614,186</u>	<u>405,626</u>
Total liabilities	<u>14,000,754</u>	<u>14,502,758</u>	<u>841,086</u>	<u>1,086,655</u>	<u>14,841,840</u>	<u>15,589,413</u>
<u>Deferred inflows</u>	<u>9,236,889</u>	<u>6,909,825</u>	<u>707,534</u>	<u>651,502</u>	<u>9,944,423</u>	<u>7,561,327</u>
<u>Net Position</u>						
Investment in capital assets	28,994,603	30,582,915	20,555,568	20,712,345	49,550,171	51,295,260
Restricted	3,004,461	2,509,111	-	-	3,004,461	2,509,111
Unrestricted	<u>6,179,641</u>	<u>4,971,507</u>	<u>2,633,530</u>	<u>2,075,680</u>	<u>8,813,171</u>	<u>7,047,187</u>
Total net position	<u>\$ 38,178,705</u>	<u>\$ 38,063,533</u>	<u>\$ 23,189,098</u>	<u>\$ 22,788,025</u>	<u>\$ 61,367,803</u>	<u>\$ 60,851,558</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$61,367,803. At year-end, net position was \$38,178,705 and \$23,189,098 for governmental activities and business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets net represented 63.05% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, software, and infrastructure. The City's investment in capital assets at December 31, 2022, was \$28,994,603 and \$20,555,568 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

As of December 31, 2022, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$3,004,461 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$6,179,641 may be used to meet the government's ongoing obligations to citizens and creditors.

The table on the next page shows the changes in net position for years 2022 and 2021.

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Change in Net Position					
	2022 Governmental Activities	2021 Governmental Activities	2022 Business-Type Activities	2021 Business-Type Activities	2022 Total	2021 Total
Revenues						
Program revenues:						
Charges for services	\$ 2,086,102	\$ 1,657,694	\$ 4,754,608	\$ 4,422,940	\$ 6,840,710	\$ 6,080,634
Operating grants and contributions	1,793,657	2,305,259	-	-	1,793,657	2,305,259
Capital grants and contributions	73,982	104,530	99,043	-	173,025	104,530
Total program revenues	3,953,741	4,067,483	4,853,651	4,422,940	8,807,392	8,490,423
General revenues:						
Property taxes	2,398,469	2,315,892	-	-	2,398,469	2,315,892
Income taxes	9,311,600	8,672,768	-	-	9,311,600	8,672,768
Unrestricted grants and entitlements	587,226	459,869	-	-	587,226	459,869
Payment in lieu of taxes	568,298	450,287	-	-	568,298	450,287
Investment earnings	288,728	13,349	35,880	1,586	324,608	14,935
Miscellaneous	51,833	101,999	7,205	8,476	59,038	110,475
Total general revenues	13,206,154	12,014,164	43,085	10,062	13,249,239	12,024,226
Total revenues	17,159,895	16,081,647	4,896,736	4,433,002	22,056,631	20,514,649
Expenses:						
General government	2,553,477	2,460,328	-	-	2,553,477	2,460,328
Security of persons and property	9,678,827	8,499,122	-	-	9,678,827	8,499,122
Public health and welfare	25,270	29,758	-	-	25,270	29,758
Transportation	3,451,814	4,011,242	-	-	3,451,814	4,011,242
Community environment	652,666	403,829	-	-	652,666	403,829
Leisure time activity	677,753	561,557	-	-	677,753	561,557
Interest and fiscal charges	-	-	-	-	-	-
Other	4,916	11,154	-	-	4,916	11,154
Water	-	-	2,012,430	1,684,325	2,012,430	1,684,325
Sewer	-	-	1,478,190	1,165,743	1,478,190	1,165,743
Solid waste	-	-	1,005,043	1,049,082	1,005,043	1,049,082
Total expenses	17,044,723	15,976,990	4,495,663	3,899,150	21,540,386	19,876,140
Change in net position	115,172	104,657	401,073	533,852	516,245	638,509
Net position at beginning of year	38,063,533	37,958,876	22,788,025	22,254,173	60,851,558	60,213,049
Net position at end of year	\$ 38,178,705	\$ 38,063,533	\$ 23,189,098	\$ 22,788,025	\$ 61,367,803	\$ 60,851,558

Governmental Activities

Governmental activities net position increased 0.30% percent or \$115,172 in 2022.

Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$9,678,827 of the total governmental expenses of the City. These expenses were partially funded by \$1,536,379 in direct charges to users of the services and \$723,515 in operating grants and contributions. The significant increase in security of persons and property expenses was due to increasing expenses due to the COVID-19 pandemic. Transportation expenses totaled \$3,451,814. Transportation expenses were partially funded by \$15,288 in direct charges to users of the services and \$1,069,042 in operating grants and contributions.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

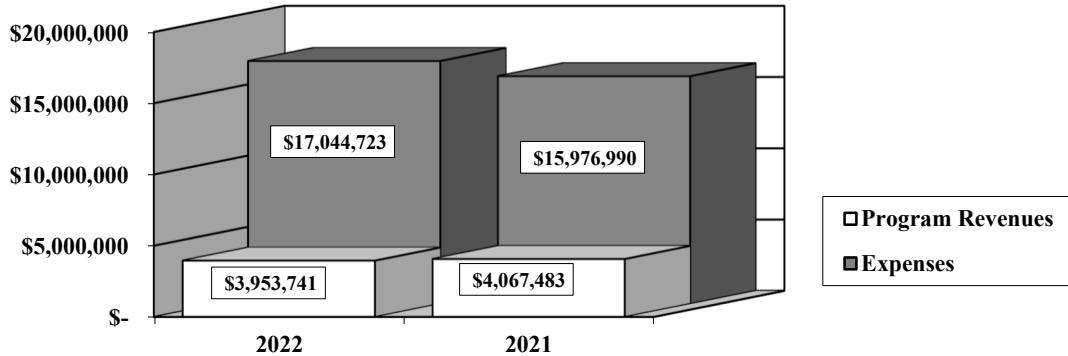
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

The state and federal government contributed to the City a total of \$1,793,657 in operating grants and contributions and \$73,982 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$13,206,154 and amounted to 76.96% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$11,710,069. Unrestricted grants and entitlements of \$587,226, which includes local government funds, and payments in lieu of taxes of \$568,298 are the other primary sources of general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Governmental Activities - Program Revenues vs. Total Expenses



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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

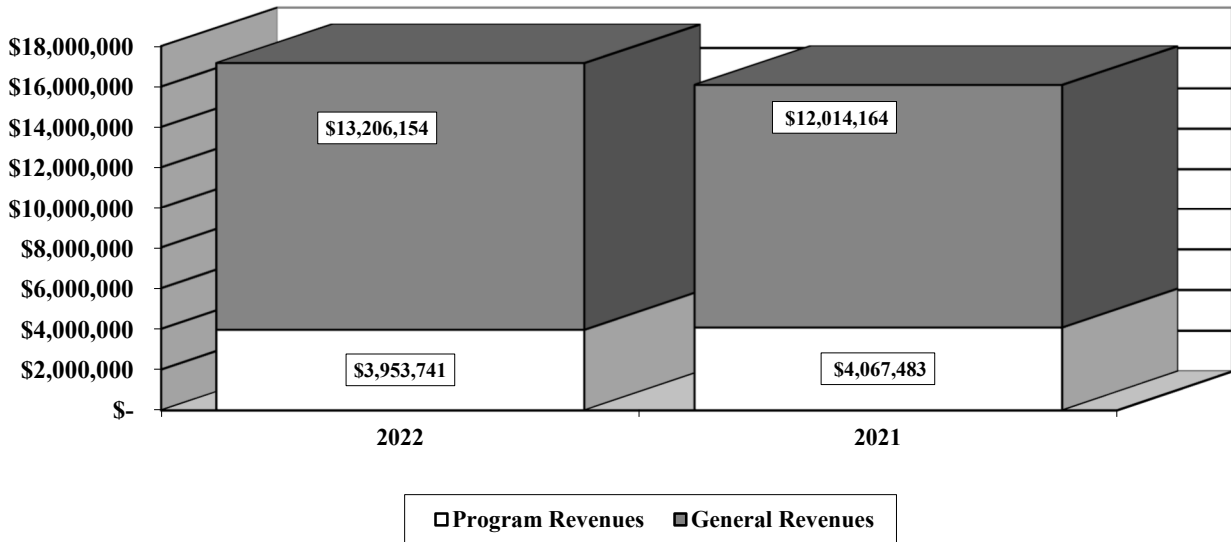
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Governmental Activities

	Total Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2022</u>	Net Cost of Services <u>2021</u>
Program Expenses:				
General government	\$ 2,553,477	\$ 2,460,328	\$ 2,041,022	\$ 2,143,899
Security of persons and property	9,678,827	8,499,122	7,418,933	6,434,624
Public health and welfare	25,270	29,758	23,836	27,850
Transportation	3,451,814	4,011,242	2,367,484	2,406,869
Community environment	652,666	403,829	607,030	356,330
Leisure time activity	677,753	561,557	627,761	528,781
Other	<u>4,916</u>	<u>11,154</u>	<u>4,916</u>	<u>11,154</u>
Total Expenses	<u><u>\$ 17,044,723</u></u>	<u><u>\$ 15,976,990</u></u>	<u><u>\$ 13,090,982</u></u>	<u><u>\$ 11,909,507</u></u>

The dependence upon general revenues for governmental activities is apparent, with 76.80% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



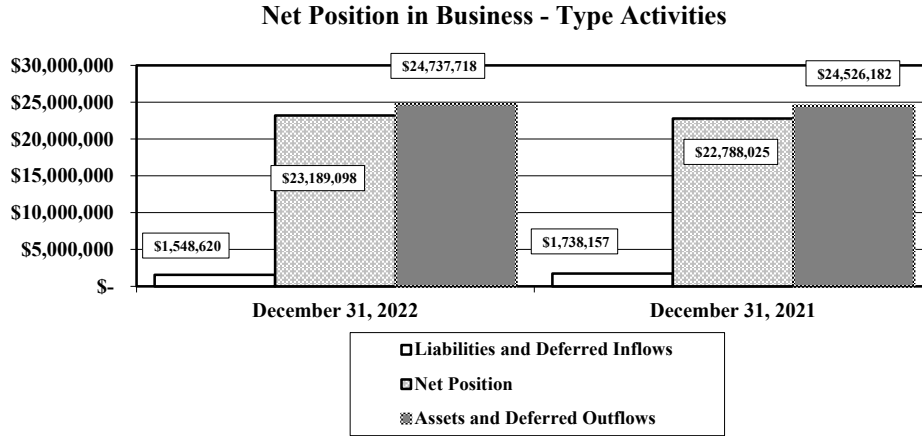
Business-Type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$4,853,651, general revenues of \$43,085, and expenses of \$4,495,663 for 2022.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

The graph below shows the business-type activities assets, liabilities, and net position at year-end 2022 and 2021.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 24-25) reported a combined fund balance of \$17,695,450 which is \$1,721,865 higher than last year's balance of \$15,973,585. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2022 for all major and nonmajor governmental funds.

	Fund Balances <u>12/31/22</u>	Fund Balances <u>12/31/21</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 6,335,865	\$ 6,611,331	\$ (275,466)
Fire and rescue	608,524	434,655	173,869
Police	589,250	418,886	170,364
Street	1,997,471	1,234,258	763,213
Capital improvement	6,578,776	5,765,726	813,050
Other nonmajor governmental funds	<u>1,585,564</u>	<u>1,508,729</u>	<u>76,835</u>
Total	<u>\$ 17,695,450</u>	<u>\$ 15,973,585</u>	<u>\$ 1,721,865</u>

General Fund

The City's general fund balance decreased \$275,466. This decrease is due to the increase cost of all services, supplies and wages. The table that follows assists in illustrating the revenues of the general fund.

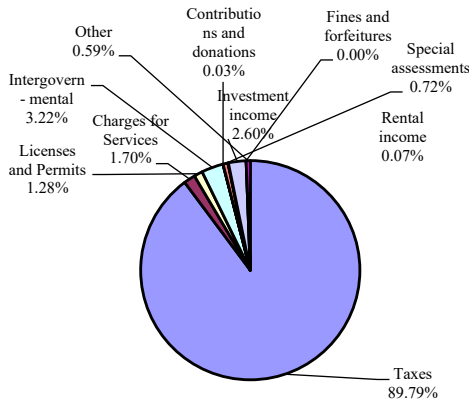
**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

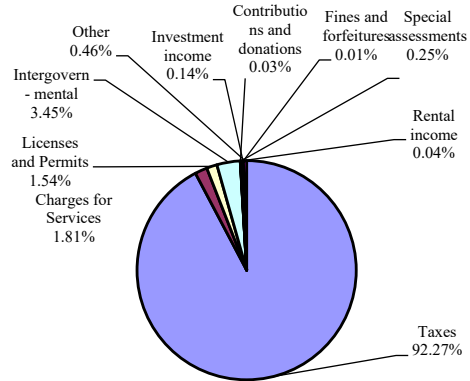
	2022 <u>Amount</u>	2021 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 9,979,359	\$ 9,124,510	9.37 %
Charges for services	188,509	179,181	5.21 %
Licenses and permits	141,692	152,197	(6.90) %
Fines and forfeitures	-	600	(100.00) %
Investment income	288,728	13,349	2,062.92 %
Rental income	7,631	4,209	81.30 %
Special assessments	80,045	24,619	225.14 %
Intergovernmental	357,646	340,945	4.90 %
Contributions and donations	3,072	3,257	(5.68) %
Other	65,932	45,080	46.26 %
Total	<u>\$ 11,112,614</u>	<u>\$ 9,887,947</u>	12.39 %

Overall revenues of the general fund increased \$1,224,667 or 12.39%. Tax revenue represents 89.80% of all general fund revenue. Licenses and permits decreased \$10,505 or 6.90% due to a decrease in fees collected. Investment income increased \$275,379 or 2062.92% due to an increase in interest rates. Special assessments increased \$55,426 or 225.14% due to an increase in special assessment revenue collected during 2022.

Revenues - 2022



Revenues - 2021



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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

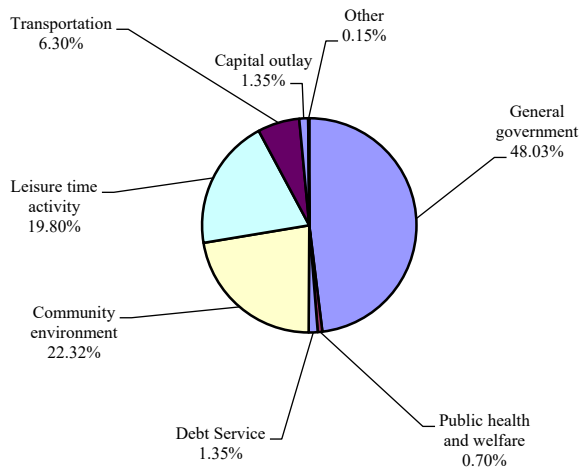
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

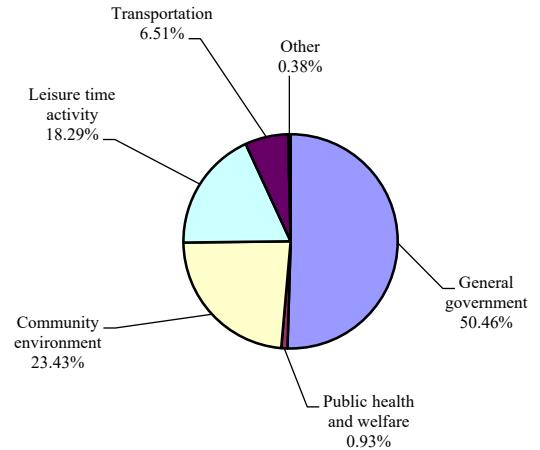
Expenditures	<u>2022 Amount</u>	<u>2021 Amount</u>	<u>Percentage Change</u>
General government	\$ 1,530,565	\$ 1,493,800	2.46 %
Public health and welfare	22,346	27,551	(18.89) %
Transportation	200,847	192,723	4.22 %
Community environment	711,245	693,571	2.55 %
Leisure time activity	630,881	541,344	16.54 %
Other	4,916	11,154	(55.93) %
Capital outlay	42,938	-	100.00 %
Debt service	42,938	-	100.00 %
Total	<u><u>\$ 3,186,676</u></u>	<u><u>\$ 2,960,143</u></u>	7.65 %

Total expenditures increased 7.65% from 2021. The largest expenditure line item, general government, increased 2.46%. Transportation increased 4.22% due to an increase in street lighting expenses. Leisure time activity increased 16.54 % due to an increase in expenses related to parks and recreation. The debt service expenditures were vehicle lease expenses.

Expenditures - 2022



Expenditures - 2021



Fire and Rescue Fund

The fire and rescue fund had revenues and other financing sources of \$3,765,107 in 2022. This represents an increase of \$1,205,523 from 2021 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$3,591,238 in 2022, increased \$419,675 from 2021. State grant revenue partially offset capital acquisitions, and EMS service revenue offset the cost of increased staffing. The net increase in fund balance for the fire and rescue fund was \$173,869 or 40.00%.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Police Fund

The police fund had revenues and other financing sources of \$3,862,752 in 2022. This represents an increase of \$755,076 from 2021 revenues and other financing sources. The expenditures of the police fund, which totaled \$3,692,388 in 2022, increased \$134,685 from 2021. The net increase in fund balance for the police fund was \$170,364 or 40.67%.

Street Fund

The street fund had revenues and other financing sources of \$3,283,351 in 2022. This represents an increase of \$712,992 from 2021 revenues and other financing sources. The expenditures of the street fund, which totaled \$2,537,296 in 2022, decreased \$1,010,851 from 2021. The net increase in the fund balance for the street fund was \$746,055 or 60.45%.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$2,016,067 in 2022. The expenditures of the capital improvement fund totaled \$1,203,017 in 2022. The net increase in the fund balance for the capital improvement fund was \$813,050 or 14.10%.

Budgeting Highlights

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

Budgetary information is presented for the general fund, fire and rescue fund, police fund and street fund. In the general fund, the actual revenues and other financing sources came in \$1,515,600 more than they were in the final budget and actual expenditures and other financing uses were \$1,271,137 less than the amount in the final budget. Budgeted revenues and other financing sources stayed the same from the original to the final budget and budgeted expenditures and other financing uses increased \$300,000 from the original to the final budget.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. The only difference between the amounts reported as business-type activities and the amounts reported in the proprietary fund statements are interfund eliminations between proprietary funds and internal balances due to governmental activities for internal service activities. The only interfund activity reported in the government wide statements are those between business-type activities and governmental activities (reported as internal balances and transfers) whereas interfund amounts between various enterprise funds are reported in the proprietary fund statements.

Capital Assets

At the end of 2022, the City had \$49,552,211 (net of accumulated depreciation/amortization) invested in land, construction in progress, buildings and improvements, improvements other than buildings, equipment, vehicles, software, right-to-use vehicles and infrastructure. Of this total, \$28,996,643 was reported in governmental activities and \$20,555,568 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure. The following table shows 2022 balances compared to 2021:

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

**Capital Assets at December 31
(Net of Depreciation/Amortization)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 3,553,030	\$ 4,442,037	\$ 136,885	\$ 136,885	\$ 3,689,915	\$ 4,578,922
Land improvements (I.O.T.B.)	1,826,628	1,939,196	31,710	34,259	1,858,338	1,973,455
Buildings and improvements	6,556,762	6,581,996	2,923,267	3,107,600	9,480,029	9,689,596
Equipment	2,798,592	2,041,387	4,181,438	4,296,966	6,980,030	6,338,353
Vehicles	1,651,188	1,985,391	88,942	103,371	1,740,130	2,088,762
Right to use- vehicle	29,818	-	-	-	29,818	-
Infrastructure	12,187,340	13,150,638	12,558,776	13,012,763	24,746,116	26,163,401
Computer software	215,383	77,736	2,105	2,722	217,488	80,458
Construction in progress	177,902	585,172	632,445	17,779	810,347	602,951
Totals	<u>\$ 28,996,643</u>	<u>\$ 30,803,553</u>	<u>\$ 20,555,568</u>	<u>\$ 20,712,345</u>	<u>\$ 49,552,211</u>	<u>\$ 51,515,898</u>

The City's largest governmental capital asset categories are infrastructure which includes bridges, thoroughfares, curbs, gutters, sidewalks, storm sewers, traffic signals and street signs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 42.03% of the City's total governmental capital assets.

The City's largest business-type capital asset category is infrastructure which primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 61.10% of the City's total business-type capital assets.

Economic Conditions and Outlook

The City of Englewood is an attractive southwest Ohio planned community in the northern portion of Montgomery County. The City is located along the I-70 corridor, just 5 miles from Dayton International Airport, offering ease of access to the larger metropolitan cities of Dayton, Columbus, and Cincinnati, as well as interstate travel. For those who wish to avoid the congestion of the larger metropolitan areas, Englewood offers many opportunities right within its own borders for first-rate education, health, recreation, and entertainment. These amenities are enjoyed not only by Englewood's diverse population of 13,500, but also by the citizens of surrounding communities.

A 1.75% local income tax and successful efforts to secure federal, state, and local grants has enabled the City to provide excellent public service to its constituents, maintain and improve an extensive municipal infrastructure, and continually enhance the overall appearance of the community. Englewood takes pride in its exceptional public thoroughfares, low crime rates, and beautifully maintained green spaces and park system.

Englewood's tax base includes a healthy mix of medical, government, education, entertainment, retail, commercial, and industrial segments. This diversity in tax base has enabled the City to remain fiscally strong despite economic fluctuations and cuts in state funding. Currently, the City has nearly one hundred acres available for development within its industrial parks, ample land available for residential growth and all the necessary resources to provide excellent service to our existing and future residents.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Looking Back at 2022

In 2022, the City continued to grow businesses within the industrial parks and marketing the land to increase the City's tax base. A new 250,000 square foot, 23 million dollar, flex space building started construction, with anticipation of being occupied by the end of 2023. The Dayton-Metro Library constructed a new branch location on W. National Road adjacent to Centennial Park, Dunkin Donuts opened on Main Street and several retail spaces throughout the city were filled by small businesses. Construction continued at the Miami Valley Career Technology Center, a \$135 million-dollar, 570,000 square foot project, which is expected to be completed in 2024. The city continued with its annual street resurfacing program and sidewalk/curb replacement program again this year. In addition, the Union Boulevard resurfacing project was awarded, from the southern corporation limits to W. National Road. A \$600,000 grant from MVRPC will assist with this project.

Park improvements once again made the list for upgrades in 2022, as new playground equipment was installed at Oberer Field, a new t-ball field was constructed at Centennial Park along with upgraded landscaping. The City also focused on our waterways by improving the drainage and appearance by removing undergrowth and dead trees in various creeks.

Looking Ahead to 2023

In 2023, the city will continue to grow businesses within the industrial parks and along Interstate 70, marketing the land to increase the city's tax base. The new 250,000 square foot flex space building in the Otterbein Industrial Park, our largest building to date, will open for tenants. Several new restaurants are in the works, remodeling or replacing existing buildings and bringing new dining options to the residents of Englewood.

In order to keep our infrastructure in good working condition, the city will make major improvements to our water system by replacing the main water line servicing the entire city along Wenger Road, between Dublin Avenue and Taywood Road. We will also upgrade our storm sewer system to increase capacity and reduce the potential flooding of streets in our Central Business District. The city is looking to the future by planning the installation of EV charging stations to service city owned vehicles. In addition, the city plans to improve our parks with new benches and playground equipment at various locations.

Community safety and security, numerous parks and other quality recreational opportunities, reasonable utility and tax rates, wonderful educational opportunities, and an aggressive capital improvements program have all positioned the city to maintain and improve its image as a progressive and inviting community.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the city's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, contact City Manager Eric A. Smith or the finance director, City of Englewood, 333 West National Road, Englewood, Ohio 45322 or visit our website at www.inglewood.oh.us.

**BASIC
FINANCIAL STATEMENTS**

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 15,348,069	\$ 5,466,818	\$ 20,814,887
Receivables:			
Income taxes	2,272,942	-	2,272,942
Real and other taxes	2,122,395	-	2,122,395
Payments in lieu of taxes	552,438	-	552,438
Accounts	543,981	559,896	1,103,877
Special assessments	256,818	71,273	328,091
Due from other governments	701,876	82	701,958
Materials and supplies inventory	152,648	69,208	221,856
Prepayments	166,765	16,761	183,526
Net pension asset	51	8	59
Net OPEB asset	643,769	95,826	739,595
Internal balance	2,216,369	(2,216,369)	-
Capital assets:			
Land and construction in progress	3,730,932	769,330	4,500,262
Depreciable capital assets, net	25,265,711	19,786,238	45,051,949
Total capital assets, net	<u>28,996,643</u>	<u>20,555,568</u>	<u>49,552,211</u>
Total assets	<u>53,974,764</u>	<u>24,619,071</u>	<u>78,593,835</u>
Deferred outflows of resources:			
Pension and OPEB	7,441,584	118,647	7,560,231
Total deferred outflows of resources	<u>7,441,584</u>	<u>118,647</u>	<u>7,560,231</u>
Liabilities:			
Accounts payable	106,409	336,777	443,186
Contracts payable	2,040	-	2,040
Accrued wages and benefits payable	113,059	-	113,059
Due to other governments	156,092	3,995	160,087
Unearned revenue	-	139,059	139,059
Long-term liabilities:			
Due within one year	376,782	30,221	407,003
Due in more than one year	568,993	45,193	614,186
Net pension liability	11,071,789	285,841	11,357,630
Net OPEB liability	1,605,590	-	1,605,590
Total liabilities	<u>14,000,754</u>	<u>841,086</u>	<u>14,841,840</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	2,074,494	-	2,074,494
Pension and OPEB	6,609,957	707,534	7,317,491
Payments in lieu of taxes levied for the next fiscal year	552,438	-	552,438
Total deferred inflows of resources	<u>9,236,889</u>	<u>707,534</u>	<u>9,944,423</u>
Net position:			
Investment in capital assets	28,994,603	20,555,568	49,550,171
Restricted for:			
Matured bond and interest	6,069	-	6,069
Street construction and maintenance	2,535,024	-	2,535,024
Public safety	1,529	-	1,529
Capital improvements	164,620	-	164,620
Other purposes	297,219	-	297,219
Unrestricted	<u>6,179,641</u>	<u>2,633,530</u>	<u>8,813,171</u>
Total net position	<u>\$ 38,178,705</u>	<u>\$ 23,189,098</u>	<u>\$ 61,367,803</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government.	\$ 2,553,477	\$ 438,465	\$ 8	\$ 73,982
Security of persons and property	9,678,827	1,536,379	723,515	-
Public health and welfare	25,270	1,434	-	-
Transportation.	3,451,814	15,288	1,069,042	-
Community environment	652,666	45,636	-	-
Leisure time activity.	677,753	48,900	1,092	-
Other	4,916	-	-	-
Total governmental activities	<u>17,044,723</u>	<u>2,086,102</u>	<u>1,793,657</u>	<u>73,982</u>
Business-type activities:				
Water.	2,012,430	2,079,523	-	-
Sewer.	1,478,190	1,675,028	-	99,043
Solid waste.	1,005,043	1,000,057	-	-
Total business-type activities	<u>4,495,663</u>	<u>4,754,608</u>	<u>-</u>	<u>99,043</u>
Total primary government	<u>\$ 21,540,386</u>	<u>\$ 6,840,710</u>	<u>\$ 1,793,657</u>	<u>\$ 173,025</u>

General revenues:

Property taxes levied for:

General purposes

Fire and rescue.

Police.

Police pension.

Income taxes levied for:

General purposes

Payments in lieu of taxes

Grants and entitlements not restricted
to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (2,041,022)	\$ -	\$ (2,041,022)
(7,418,933)	-	(7,418,933)
(23,836)	-	(23,836)
(2,367,484)	-	(2,367,484)
(607,030)	-	(607,030)
(627,761)	-	(627,761)
(4,916)	-	(4,916)
<u>(13,090,982)</u>	<u>-</u>	<u>(13,090,982)</u>
-	67,093	67,093
-	295,881	295,881
-	(4,986)	(4,986)
<u>-</u>	<u>357,988</u>	<u>357,988</u>
<u>(13,090,982)</u>	<u>357,988</u>	<u>(12,732,994)</u>
692,425	-	692,425
1,406,819	-	1,406,819
222,633	-	222,633
76,592	-	76,592
9,311,600	-	9,311,600
568,298	-	568,298
587,226	-	587,226
288,728	35,880	324,608
51,833	7,205	59,038
<u>13,206,154</u>	<u>43,085</u>	<u>13,249,239</u>
115,172	401,073	516,245
<u>38,063,533</u>	<u>22,788,025</u>	<u>60,851,558</u>
<u>\$ 38,178,705</u>	<u>\$ 23,189,098</u>	<u>\$ 61,367,803</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Assets:				
Equity in pooled cash and investments.	\$ 5,189,102	\$ 609,397	\$ 594,760	\$ 1,826,678
Receivables:				
Income taxes.	2,272,942	-	-	-
Real and other taxes	373,356	1,441,769	229,066	-
Payments in lieu of taxes	-	-	-	-
Accounts.	10,737	516,902	-	16,342
Special assessments	92,834	-	-	-
Due from other governments.	135,263	68,978	54,394	366,343
Advances to other funds	451,415	-	-	-
Materials and supplies inventory.	-	-	-	135,419
Prepayments	77,351	28,388	38,322	10,392
Total assets	<u>\$ 8,603,000</u>	<u>\$ 2,665,434</u>	<u>\$ 916,542</u>	<u>\$ 2,355,174</u>
Liabilities:				
Accounts payable.	\$ 33,622	\$ 8,274	\$ 16,387	\$ 12,983
Contracts payable.	-	-	-	-
Accrued wages and benefits payable	21,606	37,049	30,145	12,019
Advances from other funds.	-	-	-	-
Due to other governments	46,344	49,811	38,278	10,852
Total liabilities	<u>101,572</u>	<u>95,134</u>	<u>84,810</u>	<u>35,854</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	362,499	1,411,348	224,139	-
Delinquent property tax revenue not available.	10,857	30,421	4,927	-
Payments in lieu of taxes levied for the next fiscal year.	-	-	-	-
Special assessments revenue not available.	92,834	-	-	-
Miscellaneous revenue not available.	-	451,506	-	16,342
Income tax revenue not available	1,582,791	-	-	-
Intergovernmental revenue not available.	116,582	68,501	13,416	305,507
Total deferred inflows of resources	<u>2,165,563</u>	<u>1,961,776</u>	<u>242,482</u>	<u>321,849</u>
Total liabilities and deferred inflows of resources.	<u>2,267,135</u>	<u>2,056,910</u>	<u>327,292</u>	<u>357,703</u>
Fund balances:				
Nonspendable	528,766	28,388	38,322	145,811
Restricted.	-	580,136	550,928	1,851,660
Committed	-	-	-	-
Assigned	2,903,216	-	-	-
Unassigned.	2,903,883	-	-	-
Total fund balances	<u>6,335,865</u>	<u>608,524</u>	<u>589,250</u>	<u>1,997,471</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,603,000</u>	<u>\$ 2,665,434</u>	<u>\$ 916,542</u>	<u>\$ 2,355,174</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 4,807,231	\$ 1,545,818	\$ 14,572,986
-	-	2,272,942
-	78,204	2,122,395
158,278	394,160	552,438
-	-	543,981
-	163,984	256,818
-	76,829	701,807
2,225,000	-	2,676,415
-	-	135,419
-	8,859	163,312
<u>\$ 7,190,509</u>	<u>\$ 2,267,854</u>	<u>\$ 23,998,513</u>
\$ -	\$ 2,085	\$ 73,351
2,040	-	2,040
-	8,423	109,242
451,415	-	451,415
-	8,130	153,415
<u>453,455</u>	<u>18,638</u>	<u>789,463</u>
-	76,508	2,074,494
-	1,696	47,901
158,278	394,160	552,438
-	161,182	254,016
-	-	467,848
-	-	1,582,791
-	30,106	534,112
<u>158,278</u>	<u>663,652</u>	<u>5,513,600</u>
<u>611,733</u>	<u>682,290</u>	<u>6,303,063</u>
-	8,859	750,146
164,620	1,576,705	4,724,049
817,628	-	817,628
5,360,646	-	8,263,862
235,882	-	3,139,765
<u>6,578,776</u>	<u>1,585,564</u>	<u>17,695,450</u>
<u>\$ 7,190,509</u>	<u>\$ 2,267,854</u>	<u>\$ 23,998,513</u>

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

Total governmental fund balances		\$ 17,695,450
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		28,244,624
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income taxes receivable	\$ 1,582,791	
Real and other taxes receivable	47,901	
Accounts receivable	467,848	
Intergovernmental receivable	534,112	
Special assessments receivable	254,016	
Total	2,886,668	2,886,668
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		46
The net OPEB asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		587,447
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		(9,962,090)
The net OPEB liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		(1,530,043)
An internal service fund is used by management to charge the costs of the government center and service center to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal service funds, including internal balances of \$8,631, are:		1,154,337
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(897,734)
Net position of governmental activities		\$ 38,178,705

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Revenues:				
Municipal income taxes	\$ 9,258,619	\$ -	\$ -	\$ -
Property and other taxes.	720,740	1,490,051	236,206	-
Charges for services.	188,509	851,544	80,714	-
Licenses and permits	141,692	-	-	-
Fines and forfeitures	-	-	5,861	-
Intergovernmental.	357,646	144,388	37,135	740,052
Special assessments	80,045	-	-	-
Investment income.	288,728	-	-	23,588
Rental income	7,631	-	-	-
Contributions and donations.	3,072	3,428	-	-
Payment in lieu of taxes.	-	-	-	-
Other	65,932	65,696	25,889	11,711
Total revenues	<u>11,112,614</u>	<u>2,555,107</u>	<u>385,805</u>	<u>775,351</u>
Expenditures:				
Current:				
General government	1,530,565	-	-	-
Security of persons and property	-	3,591,238	3,692,388	-
Public health and welfare.	22,346	-	-	-
Transportation	200,847	-	-	2,537,296
Community environment	711,245	-	-	-
Leisure time activity	630,881	-	-	-
Other	4,916	-	-	-
Capital outlay	42,938	-	-	-
Debt service:				
Principal retirement.	42,938	-	-	-
Total expenditures	<u>3,186,676</u>	<u>3,591,238</u>	<u>3,692,388</u>	<u>2,537,296</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>7,925,938</u>	<u>(1,036,131)</u>	<u>(3,306,583)</u>	<u>(1,761,945)</u>
Other financing sources (uses):				
Sale of capital assets.	35,658	-	6,947	8,000
Lease transaction.	42,938	-	-	-
Transfers in	-	1,210,000	3,470,000	2,500,000
Transfers (out).	(8,280,000)	-	-	-
Total other financing sources (uses)	<u>(8,201,404)</u>	<u>1,210,000</u>	<u>3,476,947</u>	<u>2,508,000</u>
Net change in fund balances	(275,466)	173,869	170,364	746,055
Fund balances at beginning of year.	6,611,331	434,655	418,886	1,234,258
Increase in reserve for inventory	-	-	-	17,158
Fund balances at end of year	<u>\$ 6,335,865</u>	<u>\$ 608,524</u>	<u>\$ 589,250</u>	<u>\$ 1,997,471</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,258,619
-	81,063	2,528,060
-	519,703	1,640,470
-	-	141,692
-	5,856	11,717
73,982	997,820	2,351,023
-	102,286	182,331
-	3,982	316,298
2,400	-	10,031
-	-	6,500
159,263	409,035	568,298
161,415	1,420	332,063
<u>397,060</u>	<u>2,121,165</u>	<u>17,347,102</u>
-	158,059	1,688,624
-	1,686,425	8,970,051
-	-	22,346
-	15,215	2,753,358
-	-	711,245
-	-	630,881
-	-	4,916
1,203,017	354,631	1,600,586
-	-	42,938
<u>1,203,017</u>	<u>2,214,330</u>	<u>16,424,945</u>
<u>(805,957)</u>	<u>(93,165)</u>	<u>922,157</u>
889,007	-	939,612
-	-	42,938
730,000	400,000	8,310,000
-	(230,000)	(8,510,000)
<u>1,619,007</u>	<u>170,000</u>	<u>782,550</u>
813,050	76,835	1,704,707
5,765,726	1,508,729	15,973,585
-	-	17,158
<u>\$ 6,578,776</u>	<u>\$ 1,585,564</u>	<u>\$ 17,695,450</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, 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, 2022

Net change in fund balances - total governmental funds \$ 1,704,707

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

Governmental funds report capital outlays as expenditures.

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

Capital asset additions	\$	1,100,495	
Current year depreciation		(2,004,943)	
Total			(904,448)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (991,570)

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

Income taxes		52,981	
Delinquent property taxes and PILOTS		(129,591)	
Intergovernmental revenues		54,605	
Special assessments		(150,334)	
Other		(14,868)	
Total			(187,207)

Proceeds of leases are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position. (42,938)

Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position 42,938

Governmental funds report expenditures for inventory when purchased; however in the statement of activities, they are reported as an expense when consumed. 17,158

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (252,986)

Contractually required pension and OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 1,286,368

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and net OPEB liability are reported as pension and OPEB expense in the statement of activities. (882,937)

The internal service fund used by management to charge the costs of the government center and service center to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 326,087

Change in net position of governmental activities \$ 115,172

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 8,022,500	\$ 8,022,500	\$ 9,192,304	\$ 1,169,804
Property and other taxes.	619,220	619,220	724,514	105,294
Charges for services.	328,600	328,600	188,509	(140,091)
Licenses and permits	146,300	146,300	141,692	(4,608)
Intergovernmental.	291,250	291,250	359,757	68,507
Special assessments	45,000	45,000	80,045	35,045
Investment income.	10,000	10,000	288,728	278,728
Donations.	2,400	2,400	1,980	(420)
Other	28,700	28,700	21,460	(7,240)
Total revenues	<u>9,493,970</u>	<u>9,493,970</u>	<u>10,998,989</u>	<u>1,505,019</u>
Expenditures:				
Current:				
General government	2,112,231	2,112,231	1,687,058	425,173
Public health and welfare.	45,381	45,381	25,256	20,125
Community environment	1,085,279	1,085,279	750,206	335,073
Leisure time activity	484,384	484,384	523,618	(39,234)
Total expenditures	<u>3,727,275</u>	<u>3,727,275</u>	<u>2,986,138</u>	<u>741,137</u>
Excess of revenues over expenditures.	<u>5,766,695</u>	<u>5,766,695</u>	<u>8,012,851</u>	<u>2,246,156</u>
Other financing sources (uses):				
Sale of capital assets.	25,000	25,000	35,581	10,581
Advances in.	172,000	172,000	172,000	-
Transfers (out).	(8,760,000)	(9,060,000)	(8,530,000)	530,000
Total other financing sources (uses)	<u>(8,563,000)</u>	<u>(8,863,000)</u>	<u>(8,322,419)</u>	<u>540,581</u>
Net change in fund balances	(2,796,305)	(3,096,305)	(309,568)	2,786,737
Fund balances at beginning of year	4,422,331	4,422,331	4,422,331	-
Prior year encumbrances appropriated	175,077	175,077	175,077	-
Fund balance at end of year	<u>\$ 1,801,103</u>	<u>\$ 1,501,103</u>	<u>\$ 4,287,840</u>	<u>\$ 2,786,737</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE AND RESCUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 1,468,166	\$ 1,510,000	\$ 1,490,051	\$ (19,949)
Charges for services	791,479	790,000	854,504	64,504
Intergovernmental	87,765	80,750	144,388	63,638
Donations	-	-	3,428	3,428
Other	22,340	17,500	72,534	55,034
Total revenues	<u>2,369,750</u>	<u>2,398,250</u>	<u>2,564,905</u>	<u>166,655</u>
Expenditures:				
Current:				
Security of persons and property	3,673,717	4,003,717	3,717,158	286,559
Total expenditures	<u>3,673,717</u>	<u>4,003,717</u>	<u>3,717,158</u>	<u>286,559</u>
Excess of expenditures over revenues	<u>(1,303,967)</u>	<u>(1,605,467)</u>	<u>(1,152,253)</u>	<u>453,214</u>
Other financing sources:				
Sale of capital assets	-	1,500	-	(1,500)
Transfers in	1,110,000	1,210,000	1,210,000	-
Total other financing sources	<u>1,110,000</u>	<u>1,211,500</u>	<u>1,210,000</u>	<u>(1,500)</u>
Net change in fund balances	(193,967)	(393,967)	57,747	451,714
Fund balances at beginning of year	298,793	298,793	298,793	-
Prior year encumbrances appropriated	116,150	116,150	116,150	-
Fund balance at end of year	<u>\$ 220,976</u>	<u>\$ 20,976</u>	<u>\$ 472,690</u>	<u>\$ 451,714</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes.	\$ 231,000	\$ 231,000	\$ 236,206	\$ 5,206
Charges for services.	82,000	82,000	82,397	397
Fines and forfeitures	7,700	7,700	6,131	(1,569)
Intergovernmental.	27,500	27,500	34,828	7,328
Other	2,500	2,500	32,862	30,362
Total revenues	<u>350,700</u>	<u>350,700</u>	<u>392,424</u>	<u>41,724</u>
Expenditures:				
Current:				
Security of persons and property	4,493,710	4,493,710	3,788,210	705,500
Total expenditures	<u>4,493,710</u>	<u>4,493,710</u>	<u>3,788,210</u>	<u>705,500</u>
Excess of expenditures over revenues.	<u>(4,143,010)</u>	<u>(4,143,010)</u>	<u>(3,395,786)</u>	<u>747,224</u>
Other financing sources:				
Sale of capital assets.	2,000	2,000	6,947	4,947
Transfers in	4,000,000	4,000,000	3,470,000	(530,000)
Total other financing sources.	<u>4,002,000</u>	<u>4,002,000</u>	<u>3,476,947</u>	<u>(525,053)</u>
Net change in fund balances	(141,010)	(141,010)	81,161	222,171
Fund balances at beginning of year	339,475	339,475	339,475	-
Prior year encumbrances appropriated	70,012	70,012	70,012	-
Fund balance at end of year	<u>\$ 268,477</u>	<u>\$ 268,477</u>	<u>\$ 490,648</u>	<u>\$ 222,171</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 942,850	\$ 942,850	\$ 740,754	\$ (202,096)
Investment income.	1,200	1,200	23,588	22,388
Other	5,000	5,000	17,111	12,111
Total revenues	<u>949,050</u>	<u>949,050</u>	<u>781,453</u>	<u>(167,597)</u>
Expenditures:				
Current:				
Transportation	4,259,890	4,259,890	2,720,425	1,539,465
Total expenditures	<u>4,259,890</u>	<u>4,259,890</u>	<u>2,720,425</u>	<u>1,539,465</u>
Excess of expenditures over revenues.	<u>(3,310,840)</u>	<u>(3,310,840)</u>	<u>(1,938,972)</u>	<u>1,371,868</u>
Other financing sources:				
Sale of capital assets.	-	-	8,000	8,000
Transfers in	2,500,000	2,500,000	2,500,000	-
Total other financing sources.	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,508,000</u>	<u>8,000</u>
Net change in fund balances	(810,840)	(810,840)	569,028	1,379,868
Fund balances at beginning of year	852,270	852,270	852,270	-
Prior year encumbrances appropriated	210,618	210,618	210,618	-
Fund balance at end of year	<u>\$ 252,048</u>	<u>\$ 252,048</u>	<u>\$ 1,631,916</u>	<u>\$ 1,379,868</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 1,796,114	\$ 3,036,116	\$ 634,588	\$ 5,466,818	\$ 775,083
Receivables:					
Accounts	302,272	257,624	-	559,896	-
Special assessments	22,769	22,769	25,735	71,273	-
Due from other governments	46	28	8	82	69
Materials and supplies inventory	67,788	1,420	-	69,208	17,229
Prepayments	14,983	1,386	392	16,761	3,453
Total current assets	<u>2,203,972</u>	<u>3,319,343</u>	<u>660,723</u>	<u>6,184,038</u>	<u>795,834</u>
Noncurrent assets:					
Net OPEB asset	50,295	37,901	7,630	95,826	56,322
Net pension asset	4	3	1	8	5
Capital assets:					
Land and construction in progress	505,467	263,863	-	769,330	130,849
Depreciable capital assets, net	12,145,532	7,618,322	22,384	19,786,238	621,170
Total capital assets, net	<u>12,650,999</u>	<u>7,882,185</u>	<u>22,384</u>	<u>20,555,568</u>	<u>752,019</u>
Total noncurrent assets	<u>12,701,298</u>	<u>7,920,089</u>	<u>30,015</u>	<u>20,651,402</u>	<u>808,346</u>
Total assets	<u>14,905,270</u>	<u>11,239,432</u>	<u>690,738</u>	<u>26,835,440</u>	<u>1,604,180</u>
Deferred outflows of resources:					
Pension	59,942	46,094	11,556	117,592	77,893
OPEB	5	774	276	1,055	1,328
Total deferred outflows of resources	<u>59,947</u>	<u>46,868</u>	<u>11,832</u>	<u>118,647</u>	<u>79,221</u>
Liabilities:					
Current liabilities:					
Accounts payable	132,351	127,881	76,545	336,777	33,058
Accrued wages and benefits payable	-	-	-	-	3,817
Due to other governments	2,229	1,368	398	3,995	2,677
Compensated absences payable - current	16,872	11,019	2,330	30,221	12,499
Advances from other funds	2,225,000	-	-	2,225,000	-
Unearned revenue	-	-	139,059	139,059	-
Total current liabilities	<u>2,376,452</u>	<u>140,268</u>	<u>218,332</u>	<u>2,735,052</u>	<u>52,051</u>
Long-term liabilities:					
Compensated absences payable	31,542	13,447	204	45,193	35,542
Net pension liability	150,026	113,056	22,759	285,841	168,006
Total long-term liabilities	<u>181,568</u>	<u>126,503</u>	<u>22,963</u>	<u>331,034</u>	<u>203,548</u>
Total liabilities	<u>2,558,020</u>	<u>266,771</u>	<u>241,295</u>	<u>3,066,086</u>	<u>255,599</u>
Deferred inflows of resources:					
OPEB	72,161	53,568	8,784	134,513	59,359
Pension	295,293	248,759	28,969	573,021	205,475
Total deferred inflows of resources	<u>367,454</u>	<u>302,327</u>	<u>37,753</u>	<u>707,534</u>	<u>264,834</u>
Total liabilities and deferred inflows of resources	<u>2,925,474</u>	<u>569,098</u>	<u>279,048</u>	<u>3,773,620</u>	<u>520,433</u>
Net position:					
Investment in capital assets	12,650,999	7,882,185	22,384	20,555,568	752,019
Unrestricted	(611,256)	2,835,017	401,138	2,624,899	410,949
Total net position	<u>\$ 12,039,743</u>	<u>\$ 10,717,202</u>	<u>\$ 423,522</u>	<u>23,180,467</u>	<u>\$ 1,162,968</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds				8,631	
Net position of business-type activities				<u>\$ 23,189,098</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Operating revenues:					
Charges for services	\$ 2,075,428	\$ 1,671,188	\$ 1,000,057	\$ 4,746,673	\$ 1,021,415
Tap-in fees.	4,095	3,840	-	7,935	-
Other operating revenues	325	6,844	36	7,205	3,142
Total operating revenues.	<u>2,079,848</u>	<u>1,681,872</u>	<u>1,000,093</u>	<u>4,761,813</u>	<u>1,024,557</u>
Operating expenses:					
Personal services	221,922	17,540	32,461	271,923	263,789
Contract services.	758,634	732,105	930,301	2,421,040	181,930
Materials and supplies.	413,847	164,180	494	578,521	311,224
Depreciation.	615,197	418,354	28,620	1,062,171	151,555
Other	-	140,713	11,267	151,980	-
Total operating expenses.	<u>2,009,600</u>	<u>1,472,892</u>	<u>1,003,143</u>	<u>4,485,635</u>	<u>908,498</u>
Operating income (loss).	<u>70,248</u>	<u>208,980</u>	<u>(3,050)</u>	<u>276,178</u>	<u>116,059</u>
Nonoperating revenues:					
Interest income.	17,516	18,364	-	35,880	-
Total nonoperating revenues.	<u>17,516</u>	<u>18,364</u>	<u>-</u>	<u>35,880</u>	<u>-</u>
Income (loss) before transfers and capital contributio	87,764	227,344	(3,050)	312,058	116,059
Transfer in	-	-	-	-	200,000
Capital contributions.	-	99,043	-	99,043	-
Change in net position	87,764	326,387	(3,050)	411,101	316,059
Net position at beginning of year	<u>11,951,979</u>	<u>10,390,815</u>	<u>426,572</u>		<u>846,909</u>
Net position at end of year	<u>\$ 12,039,743</u>	<u>\$ 10,717,202</u>	<u>\$ 423,522</u>		<u>\$ 1,162,968</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				<u>(10,028)</u>	
Change in net position of business-type activities . .				<u>\$ 401,073</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 2,031,494	\$ 1,649,118	\$ 1,017,564	\$ 4,698,176	\$ 1,021,415
Cash received from tap-in fees	4,095	3,840	-	7,935	-
Cash received from other operations	3,988	10,849	270	15,107	6,569
Cash payments for personal services	(410,622)	(190,366)	(50,690)	(651,678)	(422,085)
Cash payments for contractual services	(673,283)	(657,300)	(853,756)	(2,184,339)	(169,217)
Cash payments for materials and supplies	(417,660)	(164,565)	(494)	(582,719)	(308,215)
Cash payments for other expenses	-	(140,713)	(11,267)	(151,980)	-
Net cash provided by (used in) operating activities	<u>538,012</u>	<u>510,863</u>	<u>101,627</u>	<u>1,150,502</u>	<u>128,467</u>
Cash flows from noncapital financing activities:					
Cash received from transfers in	-	-	-	-	200,000
Cash received from interfund loans	925,000	-	-	925,000	-
Cash used in repayment of interfund loans	(100,000)	-	-	(100,000)	-
Net cash used in noncapital financing activities	<u>825,000</u>	<u>-</u>	<u>-</u>	<u>825,000</u>	<u>200,000</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(693,745)	(230,441)	-	(924,186)	(240,663)
Cash received from capital grants	-	99,043	-	99,043	-
Net cash used in capital and related financing activities	<u>(693,745)</u>	<u>(131,398)</u>	<u>-</u>	<u>(825,143)</u>	<u>(240,663)</u>
Cash flows from investing activities:					
Interest received	17,516	18,364	-	35,880	-
Net cash provided by investing activities	<u>17,516</u>	<u>18,364</u>	<u>-</u>	<u>35,880</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	686,783	397,829	101,627	1,186,239	87,804
Cash and cash equivalents at beginning of year . . .	<u>1,109,331</u>	<u>2,638,287</u>	<u>532,961</u>	<u>4,280,579</u>	<u>687,279</u>
Cash and cash equivalents at end of year	<u>\$ 1,796,114</u>	<u>\$ 3,036,116</u>	<u>\$ 634,588</u>	<u>\$ 5,466,818</u>	<u>\$ 775,083</u>

- - Continued

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 70,248	\$ 208,980	\$ (3,050)	\$ 276,178	\$ 116,059
Adjustments:					
Depreciation	615,197	418,354	28,620	1,062,171	151,555
Changes in assets, deferred outflows, liabilities and deferred inflows:					
Decrease (Increase) in materials and supplies inventory	16,509	-	-	16,509	3,134
Increase in accounts receivable	(39,865)	(18,001)	-	(57,866)	-
Increase in net pension asset	12	11	1	24	7
Increase in net OPEB asset	(7,816)	(1,283)	(3,610)	(12,709)	(25,595)
Decrease (Increase) in special assessments receivable	(4,069)	(4,069)	11,169	3,031	-
Increase in intergovernmental receivable	3,663	4,005	234	7,902	3,427
Decrease (increase) in prepayments	(7,910)	3,560	170	(4,180)	461
Increase in deferred outflows - pension	(7,181)	2,126	(6,563)	(11,618)	(38,220)
Increase in deferred outflows - OPEB	20,886	19,218	1,701	41,805	14,732
Increase (Decrease) in accounts payable	76,484	74,161	76,545	227,190	12,588
Increase (Decrease) in accrued wages and benefits . . .	(2,107)	(430)	-	(2,537)	(98)
Increase (Decrease) in intergovernmental payable . . .	(1,536)	(1,910)	15	(3,431)	(718)
Increase (Decrease) in compensated absences payable	16,717	(17,381)	1,171	507	(38,640)
Increase in deferred inflows - pension	95,752	100,294	8,415	204,461	76,458
Increase in deferred inflows - OPEB	(78,452)	(63,515)	(6,462)	(148,429)	(40,870)
Decrease in net pension liability	(228,520)	(213,257)	(13,067)	(454,844)	(105,813)
Increase in unearned revenue	-	-	6,338	6,338	-
Net cash provided by (used in) operating activities . . .	<u>\$ 538,012</u>	<u>\$ 510,863</u>	<u>\$ 101,627</u>	<u>\$ 1,150,502</u>	<u>\$ 128,467</u>

Non-cash transactions:

The water fund purchased \$2,749 and \$20,047 in capital assets on account in 2022 and 2021, respectively.

The sewer fund purchased \$22,470 and \$23,964 in capital assets on account in 2022 and 2021, respectively.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIUCIARY NET POSITION
FIDUCIARY FUND
DECEMBER 31, 2022

	Custodial
Assets:	
Equity in pooled cash and cash equivalents.	\$ 954
Total assets	954
Liabilities:	
Accounts payable	-
Total liabilities	-
Net position:	
Restricted for individuals, organizations and other governments . .	954
Total net position	\$ 954

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Custodial
Additions:	
Licenses, permits and fees for other governments	\$ 3,206
Total additions	3,206
Deductions:	
Other custodial fund disbursements	2,819
Total deductions	2,819
Net change in fiduciary net position	387
Net position beginning of year	567
Net position end of year	\$ 954

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE CITY

The City of Englewood (the "City") is a charter municipal corporation operating under the laws of the State of Ohio. The City was incorporated as a village in 1914 and became a City on February 12, 1971, after adopting the charter on November 3, 1970.

The municipal government provided by the charter is known as a Council-Manager form of government. Legislative power is vested in a seven-member council, each elected to four-year terms. One of the members shall be known as the Mayor and the remaining six members as Councilmen. The Council appoints the City Manager and the Clerk of Council. The City Manager is the chief executive officer and the head of the administrative agencies of the City. He appoints all department heads and employees, except as otherwise provided in the charter.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

A. Reporting Entity

For financial reporting purposes, the City's BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. The City has no component units.

The primary government consists of all funds and departments which provide various services including public safety services, street maintenance and repair, parks, recreation, water, sewer and refuse services. Council and the City Manager are directly responsible for these activities.

Insurance Purchasing Pool

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Fairfield, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming, and the Village of Indian Hill. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. See Note 14 for additional information.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activities of the internal service funds are eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental functions are self-financing or draw from the general revenues of the City.

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

C. Fund Accounting

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

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows and liabilities plus deferred inflows is reported as fund balance.

The following are the City's major governmental funds:

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

Fire and rescue - The fire and rescue fund accounts for all transactions relating to fire and emergency services.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Police - The police fund accounts for all transactions relating to the police department.

Street - The street fund accounts for all transactions relating to street maintenance and construction.

Capital improvement - To account for resources used to purchase equipment and construct capital assets.

Other governmental funds of the City are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Funds - Proprietary fund reporting focuses on changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Water - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Sewer - This fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Solid waste - This fund accounts for the operations providing solid waste removal to the residents and commercial users located within the City.

Internal service funds - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on the operations of the government center and the service center.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's only fiduciary funds are custodial funds. The Custodial funds hold monies for building assessment fees collected on behalf of the State of Ohio.

D. Measurement Focus and Basis of Accounting

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the City are included on the statement of net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for sales and services. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities and operating expenses for the internal service fund include personnel costs and administrative expenses incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and custodial funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 15 and 16 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 15 and 16 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The legal level of budgetary control is at the department level of each fund and within each department personal services. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the City Manager presents the following year's annual operating budget to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The Montgomery County Budget Commission waived the tax budget filing requirement for 2022.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect both the amounts on the certificate of estimated resources when the original appropriations were adopted and the amounts in the final amended official certificate of estimated resources issued during 2022.

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the department level of each fund and within each department personal services. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The appropriations at the legal level of control for a fund may only be modified during the year by an ordinance of Council. The amounts on the budgetary statement reflect both the first appropriation resolution that covers the entire year, which includes amounts automatically carried forward from prior years, and the final appropriation amounts, including all amendments and modifications legally enacted by Council.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

G. Cash and Cash Equivalents

Cash balances of the City's funds are pooled and invested in investments maturing within five years in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank account is presented on the balance sheet as "equity in pooled cash and investments" on the financial statements.

During 2022, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits or withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2022 amounted to \$288,728, which included \$215,988 assigned from other funds of the City.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

For purposes of the statement of cash flows and for presentation on the statement of net position, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

An analysis of the City's investment account at year end is provided in Note 4.

H. Inventories of Materials and Supplies

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. On the fund financial statements, reported inventory is equally offset as a component of nonspendable fund balance in governmental funds which indicates that it does not constitute available resources even though it is a component of net current assets. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

I. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset as a component of nonspendable fund balance in governmental funds which indicates that they do not constitute available resources even though they are a component of net current assets.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of thoroughfares, street lights, curbs, gutters, sidewalks, storm sewers, bridges, street signs, traffic signals and controls, meters and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

The City is reporting intangible right to use assets related to leased vehicles. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Improvements to land	15 - 20 years	15 - 20 years
Buildings and Improvements	20 - 45 years	20 - 45 years
Furniture and Equipment	5 - 30 years	5 - 30 years
Vehicles	3 - 10 years	3 - 10 years
Intangible leased assets	3 years	n/a
Infrastructure:		
Water and Sewer Lines	50 years	50 years
Bridges	40 years	n/a
Thoroughfares/Curbs/Gutters/Sidewalks/Street Lights	30 years	n/a
Storm Sewers	25 years	25 years
Traffic Signals and Controls and Meters	15 years	15 years
Street Signs	10 years	n/a
Software	5 - 10 years	5 - 10 years

K. Compensated Absences

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In conformity with GASB Statement No. 16, "Accounting for 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 the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability 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 total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables". On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as "advances to/from other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

N. Interfund Activity

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

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

O. Fund Balance

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

P. Estimates

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

Q. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consist primarily of the tax increment financing fund.

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2022.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value Measurements

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

U. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories:

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

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

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

Interim monies may be deposited or invested in the following securities in accordance with the City's investment policy:

- A. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

- B. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- D. Bankers' acceptances (for a period not to exceed one hundred eighty days) issued by banks ranked within the top 100 banks, based upon asset size, or issued by banks within the State of Ohio with at least two billion dollars (\$2,000,000,000) in assets in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met;
- E. Commercial paper (for a period not to exceed two hundred seventy days) which, when purchased, is rated at least P-1 by Moody's Investor Services and A-1 by Standard and Poor's, and corporate notes and other debt which, when purchased, is rated AA or better by Moody's Investor Services and/or Standard and Poor's in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met;
- F. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
- G. The State Treasury Asset Reserve of Ohio (STAR Ohio);
- H. No-load money market mutual funds consisting exclusively of obligations described in paragraphs A. and B. hereof; and,
- I. Repurchase agreements with institutions which have executed a master repurchase agreement, entered into between the City and that particular institution. Each master repurchase agreement will provide for:
 - 1. Collateralization of each repurchase agreement consisting exclusively of obligations described in paragraphs A. and B. hereof, the market value of which shall not be less than 102 percent of the principal amount of each repurchase agreement plus accrued interest;
 - 2. Safekeeping of the collateral by the City's third-party safekeeping agent; and,
 - 3. Settlement of each repurchase agreement on a delivery-versus-payment basis. Master repurchase agreements may provide for substitution of collateral by the broker/dealer with the agreement of the City.

Securities which are specifically prohibited for investment include interest-only, mortgage-backed securities or other securities for which there exists a hypothetical mathematical possibility of a negative yield, excluding default risk, if the security is held to maturity.

The City may also invest any monies not required to be used for a period of six months or more in the following:

- 1. Bonds of the State of Ohio;
- 2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
- 3. Obligations of the City.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on hand

At year end, the City had \$1,100 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and investments.”

B. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was \$299,588 and the bank balance of all City deposits was \$1,174,270. Of the bank balance, \$924,270, was exposed to custodial risk as discussed below because those deposits were uninsured and \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the City’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

C. Investments

As of December 31, 2022, the City had the following investments and maturities:

Measurement Amount	Investment Maturities 6 months or less
STAR Ohio	
\$ 20,515,153	\$ 20,515,153

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City’s investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than five years from the month of settlement.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The City's investment policy limits its investments to those authorized by Englewood Codified Ordinance 236.07. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy requires commercial paper, when purchased, to be rated at least P-1 by Moody's Investor Services and A-1 by Standard & Poor's and corporate notes and other debt which, when purchased, is rated AA or better by Moody's Investor Services and/or Standard & Poor's.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires government securities, commercial paper, bankers' acceptances and money market securities to be settled in a delivery-versus-payment method. Book entry or physical securities shall be safekept by a third-party safekeeping agent, in the agent's Federal Reserve customer account, correspondent money center bank customer custody account or Depository Trust Corporation (DTC) customer custody account. Each delivery and safekeeping shall be evidenced by a safekeeping receipt.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2022:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Amortized Cost:</i>		
STAR Ohio	\$ 20,515,153	100.00%

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 299,588
Investments	20,515,153
Cash on hand	1,100
Total	<u>\$ 20,815,841</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 15,348,069
Business type activities	5,466,818
Custodial funds	954
Total	<u>\$ 20,815,841</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 5 - INTERFUND ACTIVITY

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2022, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fire and Rescue	\$ 1,210,000	\$ -	\$ 1,210,000
Police	3,470,000	-	3,470,000
Capital improvement	730,000	-	730,000
Street	2,500,000	-	2,500,000
Nonmajor governmental	170,000	230,000	400,000
Internal service funds	200,000	-	200,000
Total	\$ 8,280,000	\$ 230,000	\$ 8,510,000

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The tax incremental financing fund (a nonmajor governmental fund) transferred \$175,000 to the capital improvement fund to fund improvements made in the TIF District (See Note 8). The permissive tax fund (a nonmajor governmental fund) transferred \$55,000 to the capital improvement fund to fund road resurfacing projects and culvert replacement projects. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

B. Advances To/From Other Funds

In prior years, the general fund advanced \$1,599,160 to the capital improvement fund for the Main Street TIF project, \$172,000 of this loan was repaid in 2022. The outstanding advance is \$451,415.

In prior years, the capital improvement fund advanced \$1,400,000 to the water fund. During 2022, \$100,000 of this loan was repaid. In 2022, the capital improvement fund advanced an additional \$925,000 to the water fund. The outstanding advance amount is \$2,225,000.

These advances are not expected to be repaid within one year.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 - PROPERTY TAXES – (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County collects property taxes on behalf of all taxing districts in the County, including the City of Englewood. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2022 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2022 was \$11.33 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2022 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 227,634,580
Commercial/industrial/mineral	71,332,920
<u>Public utility</u>	
Personal	<u>6,924,810</u>
Total assessed value	<u>\$ 305,892,310</u>

NOTE 7 - LOCAL INCOME TAX

The City levies a municipal income tax of one and three-quarters percent on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current tax rate.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds are to be used to pay the cost of administering the tax. All remaining income tax revenue is then initially placed in the general fund. The use of all income tax proceeds is determined by City Council. Income tax revenue for 2022 was \$9,258,619 as reported in the fund financial statements.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

The City, pursuant to the Ohio Revised Code and City ordinances, has established a TIF. A TIF represents a geographic area wherein property values created after the commencement date of the TIF are exempt, in whole or in part, from property taxes. Owners of such property, however, must pay amounts equal to the property taxes, known as “payments in lieu of taxes (PILOT)”, as though the TIF had not been established. These “PILOTS” are then dedicated to the payments for various public improvements within or adjacent to the TIF area. Property values existing before the commencement date of a TIF continue to be subjected to property taxes.

PILOT revenue was \$568,298 in 2022 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT’s cease and property taxes then apply to the increased property values.

NOTE 9 - TAX ABATEMENTS

As of December 31, 2022, the City provides property tax abatements through Community Reinvestment Area (CRA). Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA’s are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity’s property tax bill.

The City had 13 parcels of land that received tax abatements through the CRA program. The total City property taxes abated during 2022 were \$37,316.

NOTE 10 - RECEIVABLES

Receivables at December 31, 2022, consisted of taxes, payment in lieu of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the basic financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2022.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Income taxes	\$ 2,272,942
Real and other taxes	2,122,395
Payments in lieu of taxes	552,438
Accounts	543,981
Special assessments	256,818
Due from other governments	701,876

Business-type activities:

Accounts	559,896
Special assessments	71,273
Due from other governments	82

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 – RECEIVABLES – (Continued)

Receivables have been disaggregated on the face of the basic financial statements. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

NOTE 11 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2022, was as follows:

	<u>Balance</u> <u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/22</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 4,442,037	\$ -	\$ (889,007)	\$ 3,553,030
Construction-in-progress	<u>585,172</u>	<u>177,902</u>	<u>(585,172)</u>	<u>177,902</u>
Total capital assets, not being depreciated/amortized	<u>5,027,209</u>	<u>177,902</u>	<u>(1,474,179)</u>	<u>3,730,932</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	4,959,839	47,220	(11,169)	4,995,890
Buildings and improvements	12,049,288	261,205	(17,194)	12,293,299
Furniture and equipment	4,379,965	1,094,246	(42,465)	5,431,746
Vehicles	5,105,560	96,705	(260,623)	4,941,642
Infrastructure	37,903,672	37,968	-	37,941,640
Right to use - Vehicle	-	42,938	-	42,938
Computer software	<u>285,246</u>	<u>168,146</u>	<u>-</u>	<u>453,392</u>
Total capital assets, being depreciated/amortized	<u>64,683,570</u>	<u>1,748,428</u>	<u>(331,451)</u>	<u>66,100,547</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(3,020,643)	(154,948)	6,329	(3,169,262)
Buildings and improvements	(5,467,292)	(283,000)	13,755	(5,736,537)
Furniture and equipment	(2,338,578)	(332,833)	38,257	(2,633,154)
Vehicles	(3,120,169)	(340,832)	170,547	(3,290,454)
Infrastructure	(24,753,034)	(1,001,266)	-	(25,754,300)
Right to use - Vehicle	-	(13,120)	-	(13,120)
Computer software	<u>(207,510)</u>	<u>(30,499)</u>	<u>-</u>	<u>(238,009)</u>
Total accumulated depreciation/amortization	<u>(38,907,226)</u>	<u>(2,156,498)</u>	<u>228,888</u>	<u>(40,834,836)</u>
Total capital assets, being depreciated/amortized	<u>25,776,344</u>	<u>(408,070)</u>	<u>(102,563)</u>	<u>25,265,711</u>
Governmental activities capital assets, net	<u>\$ 30,803,553</u>	<u>\$ (230,168)</u>	<u>\$ (1,576,742)</u>	<u>\$ 28,996,643</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 590,204
Security of persons and property	265,759
Public health	2,924
Leisure time activity	103,417
Community environment	70,681
Transportation	971,958
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>151,555</u>
Total depreciation/amortization expense - governmental activities	<u><u>\$ 2,156,498</u></u>

B. Capital asset activity for the business-type activities for the year ended December 31, 2022 was as follows:

	Balance			Balance
	<u>12/31/21</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/22</u>
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 136,885	\$ -	\$ -	\$ 136,885
Construction in Progress	<u>17,779</u>	<u>676,893</u>	<u>(62,227)</u>	<u>632,445</u>
Total capital assets, not being depreciated	<u>154,664</u>	<u>676,893</u>	<u>(62,227)</u>	<u>769,330</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	50,983	-	-	50,983
Buildings and improvements	8,258,346	10,861	-	8,269,207
Equipment	7,510,774	193,587	-	7,704,361
Vehicles	259,958	-	-	259,958
Software	25,174	-	-	25,174
Infrastructure	<u>29,750,520</u>	<u>86,280</u>	<u>(21,220)</u>	<u>29,815,580</u>
Total capital assets, being depreciated	<u>45,855,755</u>	<u>290,728</u>	<u>(21,220)</u>	<u>46,125,263</u>
<i>Less: accumulated depreciation:</i>				
Improvements other than buildings	(16,724)	(2,549)	-	(19,273)
Buildings and improvements	(5,150,746)	(195,194)	-	(5,345,940)
Equipment	(3,213,808)	(309,115)	-	(3,522,923)
Vehicles	(156,587)	(14,429)	-	(171,016)
Software	(22,452)	(617)	-	(23,069)
Infrastructure	<u>(16,737,757)</u>	<u>(540,267)</u>	<u>21,220</u>	<u>(17,256,804)</u>
Total accumulated depreciation	<u>(25,298,074)</u>	<u>(1,062,171)</u>	<u>21,220</u>	<u>(26,339,025)</u>
Total capital assets, being depreciated, net	<u>20,557,681</u>	<u>(771,443)</u>	<u>-</u>	<u>19,786,238</u>
Business-type activities capital assets, net	<u><u>\$ 20,712,345</u></u>	<u><u>\$ (94,550)</u></u>	<u><u>\$ (62,227)</u></u>	<u><u>\$ 20,555,568</u></u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to business-type activities as follows:

Business-type activities

Water	\$ 615,197
Sewer	418,354
Solid Waste	<u>28,620</u>
Total depreciation expense - business-type activities	<u><u>\$ 1,062,171</u></u>

NOTE 12 - OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

City employees and elected officials may participate in a statewide deferred compensation plan or a plan offered by ING and sponsored by the Ohio Municipal League. Both plans were 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. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$632,711 at December 31, 2022. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement an employee is paid for one-third of his accumulated sick leave within various limits. The total obligation for sick leave accrual for the City as a whole amounted to \$388,339 at December 31, 2022. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

Overtime Pay

City employees earn overtime pay at varying rates based on when the employee works the overtime. The total obligation for overtime pay for the City as a whole amounted to \$139 at December 31, 2022. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - LONG-TERM OBLIGATIONS

A. The changes in the City’s governmental activities long-term obligations during the year consist of the following:

	Balance			Amounts	
<u>Governmental activities:</u>	<u>12/31/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due in</u>
				<u>12/31/22</u>	<u>One Year</u>
Compensated absences	\$ 731,427	\$ 883,072	\$ (668,724)	\$ 945,775	\$ 376,782
Net pension liability	11,826,673	309,313	(1,064,197)	11,071,789	-
Net OPEB liability	1,374,253	231,337	-	1,605,590	-
Lease payable	-	42,938	(42,938)	-	-
Total long-term obligations	<u>\$ 13,932,353</u>	<u>\$ 1,466,660</u>	<u>\$ (1,775,859)</u>	<u>\$ 13,623,154</u>	<u>\$ 376,782</u>

Compensated absences, consisting of sick leave (severance), vacation benefits and compensatory time, and net pension liability and net OPEB liability will be paid from the fund from which the employee is paid. For the City, these funds are primarily the general, fire and rescue, police and street funds.

Leases Payable - The City has entered into two lease agreements for the use of right to use vehicles. The District reports intangible capital asset and corresponding liability for the future scheduled payments under the leases. These leases were for 36 months are required one payment upon entering the lease with no future liabilities.

B. The changes in the City’s business-type activities long-term obligations during the year consist of the following:

	Balance			Amounts	
<u>Business-type activities:</u>	<u>12/31/21</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due in</u>
				<u>12/31/22</u>	<u>One Year</u>
Compensated absences	\$ 74,907	\$ 55,304	\$ (54,797)	\$ 75,414	\$ 30,221
Net pension liability	740,685	-	(454,844)	285,841	-
Total long-term obligations	<u>\$ 815,592</u>	<u>\$ 55,304</u>	<u>\$ (509,641)</u>	<u>\$ 361,255</u>	<u>\$ 30,221</u>

As of December 31, 2022, the City's overall legal debt margin (the ability to issue general obligation bonded debt) was \$32,124,762 and the unvoted debt margin was \$16,824,077.

NOTE 14 - RISK MANAGEMENT

A. **Comprehensive**

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City is a member of the Miami Valley Risk Management Association, Inc. (MVRMA), a joint insurance pool. The pool consists of twenty-one municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and the purchase of excess and stoploss insurance. The deductible per occurrence for all types of claims is \$2,500. The type of coverage and deductible for each is as follows:

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - RISK MANAGEMENT - (Continued)

Type of Coverage

1. Liability:

Personal Injury Liability
Property Damage Liability
Public Officials Errors and Omissions
Employment Practices Liability
Employee Benefits Liability

Limits: \$12,000,000 per occurrence. \$12,000,000 annual aggregate per member for Employment Practices Liability; Public Officials Errors and Omissions and Employee Benefits Liability combined; and Products/Completed Operations.

MVRMA self-insured \$500,000 per occurrence and obtained reinsurance from Government Entities Mutual, Inc. (GEM) for \$6.5 million excess of \$500,000, from Genesis for \$5 million excess of \$7 million.

2. Property:

\$1,000,000,000/occurrence
MVRMA Self-Insured Retention (SIR): \$250,000/occurrence

Coverage excess of SIR provided by Alliant Property Insurance Program (APIP). List of carriers underwriting the coverage provided upon request.

3. Flood - included in Property Policy

\$25 million/occurrence and annual aggregate
Sublimit: Flood Zone A & V - \$5 million/occurrence and annual aggregate
MVRMA SIR: \$250,000/occurrence all flood zones

4. Earthquake - included in Property Policy

\$25 million/occurrence and annual aggregate
MVRMA SIR: \$250,000/occurrence

5. Boiler & Machinery - included in Property Policy

\$100,000,000/occurrence
MVRMA SIR: \$25,000 - \$500,000/occurrence

6. Cyber Liability - included in Property Policy

Aggregate Limit: \$3 million, subject to \$4 million MVRMA pool-wide aggregate
Coverage provided by Lloyd's of London - Beazley Syndicate. Excess limits provided by Alliant Property Insurance Program (APIP)

First Party Loss:

\$1,500,000 Business Interruption Resulting from Security Breach
\$1,000,000 Business Interruption Resulting from System Failure
\$1,500,000 Dependent Business Interruption Resulting from Security Breach
\$200,000 Dependent Business Interruption Resulting from System Failure
\$1,500,000 Cyber Extortion Loss
\$1,500,000 Data Recovery Costs

Liability:

Data & Network Liability: Regulatory Defense & Penalties; Payment Card Liabilities & Costs; Media Liability: \$5,000,000

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - RISK MANAGEMENT - (Continued)

Breach Response Costs:

\$1,000,000 (increased to \$2 million if designated provider is used)

E-crime:

\$150,000/occurrence for Fraudulent Instruction, Funds Transfer Fraud, Telephone Fraud

7. Pollution Liability - Claims Made and Reported Policy

\$25 million Policy Aggregate for all insureds combined

\$2 million Per Pollution Incident

\$2 million Per Named Insured

\$2 million Per Pool

MVRMA SIR: \$250,000/pollution condition; \$750,000 to \$1 million underground storage tanks specific; \$250,000 mold; \$500,000 sewage backup

8. Crime

\$2 million Employee Theft Per Loss; Forgery or Alteration

\$100,000 Inside and Outside Premises – Theft of Money and Securities, Robbery, Safe Burglary

\$2 million Computer Fraud

\$2 million Funds Transfer Fraud

\$5,000 Money Orders and Counterfeit Paper Currency

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior year.

MVRMA issues a stand-alone Annual Report. Interested parties may obtain a copy by making a written request to 3085 Woodman Dr. Suite 200, Kettering, OH, 45420.

B. Workers' Compensation

In 2022, the City participated in the Ohio Bureau of Workers' Compensation (Bureau) Group Rating Plan. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

C. Unemployment

The City is a reimbursing employer with the Ohio Department of Job and Family Services. This means that, in lieu of unemployment taxes, the City pays unemployment claims to the State of Ohio as incurred. Claims may be incurred when an employee experiences the loss of employment other than with the City of Englewood. In 2022, the City's contribution to unemployment benefits was immaterial.

D. Health, Dental and Life Insurance

The City is a member of the Ohio Benefits Cooperative (OBC), a consortium of political subdivisions in the greater Miami Valley area. The purpose of the OBC is to pool risk and collectively purchase health insurance. OBC entered into an administrative agreement on September 1, 2015 with the Jefferson Health Plan for stop loss insurance, pooling, administration and other benefit services to provide medical benefits to City employees.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 14 - RISK MANAGEMENT - (Continued)

The City offers two High Deductible Health Plans. For the plan year effective 9/1/22 - 8/31/23, the City pays 95% of the HSA3 Plan, which has a \$2500/\$5000 deductible and monthly premium of \$695 for single coverage and \$2,119 for family coverage. The City also pays 100% of the premium for single coverage. The City pays 100% of the premium for the HSA5 plan, which has a \$3500/\$7000 deductible. As required by a collective bargaining agreement with the Ohio Patrolmen's Benevolent Association (OPBA), the City also offers a PPO. The monthly premium is \$861 for single coverage and \$2,625 for family coverage. The employee portion of the monthly premium is \$221 for single coverage and \$675 for family coverage.

Dental insurance is offered through Superior Dental Care. The City pays the majority of the monthly premium of \$28 for single coverage and \$87 for family coverage. The City also provides a minimum of \$25,000 life and AD&D insurance at no cost to the employees. Employees have the opportunity to purchase additional group rated health and life insurance benefits, with the full cost of the premiums paid by the employee via payroll deduction.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and 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 liability/asset and the net 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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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. 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 Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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 subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$493,070 for 2022. Of this amount, \$43,700 is reported as due to other governments.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report 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 July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$874,226 for 2022. Of this amount, \$83,104 is reported as due to other governments.

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02515700%	0.00088100%	0.12970570%	
Proportion of the net pension liability/asset current measurement date	<u>0.02535700%</u>	<u>0.00031900%</u>	<u>0.14648390%</u>	
Change in proportionate share	<u>0.00020000%</u>	<u>-0.00056200%</u>	<u>0.01677820%</u>	
Proportionate share of the net pension liability	\$ 2,206,163	\$ -	\$ 9,151,467	\$ 11,357,630
Proportionate share of the net pension asset	-	(59)	-	(59)
Pension expense	(358,578)	(9)	1,219,948	861,361

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 112,467	\$ 52	\$ 263,871	\$ 376,390
Net difference between projected and actual earnings on pension plan investments	-	-	-	-
Changes of assumptions	275,878	4	1,672,496	1,948,378
Changes in employer's proportionate percentage/ difference between employer contributions	274,075	-	2,242,902	2,516,977
Contributions subsequent to the measurement date	492,870	200	874,226	1,367,296
Total deferred outflows of resources	<u>\$ 1,155,290</u>	<u>\$ 256</u>	<u>\$ 5,053,495</u>	<u>\$ 6,209,041</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 48,387	\$ -	\$ 475,750	\$ 524,137
Net difference between projected and actual earnings on pension plan investments	2,624,148	12	2,399,372	5,023,532
Changes of assumptions	-	-	-	-
Changes in employer's proportionate percentage/ difference between employer contributions	228,709	-	73,984	302,693
Total deferred inflows of resources	<u>\$ 2,901,244</u>	<u>\$ 12</u>	<u>\$ 2,949,106</u>	<u>\$ 5,850,362</u>

\$1,367,296 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:				
2023	\$ (309,281)	\$ 6	\$ 592,394	\$ 283,119
2024	(895,056)	5	(148,682)	(1,043,733)
2025	(617,043)	4	308,279	(308,760)
2026	(417,443)	5	166,977	(250,461)
2027	(1)	6	311,194	311,199
Thereafter	-	18	1	19
Total	<u>\$ (2,238,824)</u>	<u>\$ 44</u>	<u>\$ 1,230,163</u>	<u>\$ (1,008,617)</u>

Actuarial Assumptions - OPERS

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	3.25%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	3.25% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets 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 15.3% for 2021.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic 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, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	24.00 %	1.03 %
Domestic equities	21.00	3.78
Real estate	11.00	3.66
Private equity	12.00	7.43
International equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00 %</u>	<u>4.21 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 5,816,642	\$ 2,206,163	\$ (798,238)
Member-Directed Plan	(51)	(58)	(64)

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

Valuation date	1/1/21 with actuarial liabilities rolled forward to 12/31/21
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

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

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

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

The most recent experience study was completed for the five-year period ended December 31, 2016.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	125.00 %	

Note: assumptions are geometric.

* levered 2x

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. A discount rate of 8.00% was used in the previous measurement date. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 13,571,498	\$ 9,151,467	\$ 5,470,673

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 15 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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

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 and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2022 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$80 for 2022. Of this amount, \$7 is reported as due to governments.

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. 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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The 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 \$20,441 for 2022. Of this amount, \$1,943 is reported as due to other governments.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. 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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 – DEFINED BENEFIT OPEB PLANS – (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.02346400%	0.12970570%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.02361300%</u>	<u>0.14648390%</u>	
Change in proportionate share	<u>0.00014900%</u>	<u>0.01677820%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 1,605,590	\$ 1,605,590
Proportionate share of the net OPEB asset	(739,595)	-	(739,595)
OPEB expense	(637,740)	260,153	(377,587)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 73,040	\$ 73,040
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes of assumptions	-	710,682	710,682
Changes in employer's proportionate percentage/ difference between employer contributions	49,987	496,959	546,946
Contributions subsequent to the measurement date	80	20,441	20,521
Total deferred outflows of resources	<u>\$ 50,067</u>	<u>\$ 1,301,122</u>	<u>\$ 1,351,189</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 – DEFINED BENEFIT OPEB PLANS – (Continued)

	OPERS	OP&F	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 112,185	\$ 212,198	\$ 324,383
Net difference between projected and actual earnings on OPEB plan investments	352,588	145,037	497,625
Changes of assumptions	299,379	186,481	485,860
Changes in employer's proportionate percentage/difference between employer contributions	36,672	122,592	159,264
Total deferred inflows of resources	<u>\$ 800,824</u>	<u>\$ 666,308</u>	<u>\$ 1,467,132</u>

\$20,521 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability/asset in the year ending December 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2023	\$ (458,893)	\$ 154,391	\$ (304,502)
2024	(164,267)	132,861	(31,406)
2025	(77,038)	126,004	48,966
2026	(50,639)	50,936	297
2027	-	72,829	72,829
Thereafter	-	77,352	77,352
Total	<u>\$ (750,837)</u>	<u>\$ 614,373</u>	<u>\$ (136,464)</u>

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 – DEFINED BENEFIT OPEB PLANS – (Continued)

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

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	3.25%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75% including wage inflation
Prior Measurement date	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	1.84%
Prior Measurement date	2.00%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2034
Prior Measurement date	8.50% initial, 3.50% ultimate in 2035
Actuarial Cost Method	Individual Entry Age Normal

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

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

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 real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for 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 14.3% for 2021.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 – DEFINED BENEFIT OPEB PLANS – (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	0.91 %
Domestic equities	25.00	3.78
Real Estate Investment Trusts (REITs)	7.00	3.71
International equities	25.00	4.88
Risk parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate – A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate – The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB asset	\$ (434,951)	\$ (739,595)	\$ (92,454)

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 – DEFINED BENEFIT OPEB PLANS – (Continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate
– Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ (747,588)	\$ (739,595)	\$ (730,114)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.84%
Prior measurement date	2.96%
Cost of Living Adjustments	2.20% simple per year

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

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

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

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

The most recent experience study was completed for the five-year period ended December 31, 2016.

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and cash equivalents	0.00 %	0.00 %
Domestic equity	21.00	3.60
Non-US equity	14.00	4.40
Private markets	8.00	6.80
Core fixed income *	23.00	1.10
High yield fixed income	7.00	3.00
Private credit	5.00	4.50
U.S. inflation linked bonds *	17.00	0.80
Midstream energy infrastructure	5.00	5.00
Real assets	8.00	5.90
Gold	5.00	2.40
Private real estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 2,018,262	\$ 1,605,590	\$ 1,266,372

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, fire and rescue fund, police fund and street fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance			
	<u>General Fund</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Budget basis	\$ (309,568)	\$ 57,747	\$ 81,161	\$ 569,028
Net adjustment for revenue accruals	52,143	(9,798)	(6,619)	(6,102)
Net adjustment for expenditure accruals	(270,392)	(10,787)	(8,290)	(11,633)
Net adjustment for other sources/uses	120,938	-	-	-
Funds budgeted elsewhere	(92,616)	-	-	-
Adjustment for encumbrances	<u>224,029</u>	<u>136,707</u>	<u>104,112</u>	<u>194,762</u>
GAAP basis	<u>\$ (275,466)</u>	<u>\$ 173,869</u>	<u>\$ 170,364</u>	<u>\$ 746,055</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the Earl Heck Community Center fund, the street lighting fund, the street and related bonds fund, and the debt service investment trust fund.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 18 - FUND BALANCE

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

Fund balance	General	Fire & Rescue Fund	Police Fund	Street Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ -	\$ -	\$ -	\$ 135,419	\$ -	\$ -	\$ 135,419
Prepays	77,351	28,388	38,322	10,392	-	8,859	163,312
Long-term advances	<u>451,415</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>451,415</u>
Total nonspendable	<u>528,766</u>	<u>28,388</u>	<u>38,322</u>	<u>145,811</u>	<u>-</u>	<u>8,859</u>	<u>750,146</u>
Restricted:							
Street construction and maintenance	-	-	-	1,851,660	-	1,010,536	2,862,196
Public safety	-	580,136	550,928	-	-	262,964	1,394,028
Capital improvements	-	-	-	-	164,620	-	164,620
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,205</u>	<u>303,205</u>
Total restricted	<u>-</u>	<u>580,136</u>	<u>550,928</u>	<u>1,851,660</u>	<u>164,620</u>	<u>1,576,705</u>	<u>4,724,049</u>
Committed:							
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>817,628</u>	<u>-</u>	<u>817,628</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>817,628</u>	<u>-</u>	<u>817,628</u>
Assigned:							
Street lighting	401,802	-	-	-	-	-	401,802
Earl Heck Community Center	221,655	-	-	-	-	-	221,655
General government	85,744	-	-	-	-	-	85,744
Public health	2,910	-	-	-	5,360,646	-	5,363,556
Community environment	34,932	-	-	-	-	-	34,932
Leisure time activities	91,320	-	-	-	-	-	91,320
Subsequent appropriations	<u>2,064,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,064,853</u>
Total assigned	<u>2,903,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,360,646</u>	<u>-</u>	<u>8,263,862</u>
Unassigned	<u>2,903,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,882</u>	<u>-</u>	<u>3,139,765</u>
Total fund balances	<u>\$ 6,335,865</u>	<u>\$ 608,524</u>	<u>\$ 589,250</u>	<u>\$ 1,997,471</u>	<u>\$ 6,578,776</u>	<u>\$ 1,585,564</u>	<u>\$ 17,695,450</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 19 - COMMITMENTS

A. Contractual Commitments

As of December 31, 2022, the City had the following contractual commitments outstanding related to various City projects and purchases:

<u>Vendor</u>	<u>Amount of Contract</u>	<u>Amount Paid as of 12/31/2022</u>	<u>Remaining Commitment 12/31/2022</u>
Sutphen Corporation	\$ 789,279	\$ 177,902	\$ 611,377
Henderson Products	296,352	-	296,352
Stoops Freightliner	179,710	-	179,710
Montrose Ford	85,685	-	85,685
Storm 7 Labs	39,032	-	39,032
P&R Communications	17,908	-	17,908
Coate Construction	300,000	47,205	252,795
WRI Applications	24,806	-	24,806
Total	<u>\$ 1,732,772</u>	<u>\$ 225,107</u>	<u>\$ 1,507,665</u>

B. Other Commitments

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 229,696
Fire and rescue	131,382
Police	89,987
Street	182,301
Capital improvement	1,309,273
Nonmajor governmental	<u>90,416</u>
Total	<u>\$ 2,033,055</u>

NOTE 20 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2022.

B. Litigation

The City is currently involved in no litigation for which there is a risk of financial liability.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

	LAST NINE YEARS			
	2022	2021	2020	2019
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.025357%	0.025157%	0.024665%	0.025701%
City's proportionate share of the net pension liability	\$ 2,206,163	\$ 3,725,204	\$ 4,875,205	\$ 7,038,983
City's covered payroll	\$ 3,706,321	\$ 3,416,321	\$ 3,497,250	\$ 3,463,686
City's proportionate share of the net pension liability as a percentage of its covered payroll	59.52%	109.04%	139.40%	203.22%
Plan fiduciary net position as a percentage of the total pension liability	92.62%	86.88%	82.17%	74.70%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.000319%	0.000881%	0.000337%	0.000838%
City's proportionate share of the net pension asset	\$ (58)	\$ 161	\$ 12	\$ 18
City's covered payroll	\$ 2,000	\$ 5,290	\$ 2,000	\$ 4,790
City's proportionate share of the net pension asset as a percentage of its covered payroll	-2.90%	3.04%	0.60%	0.38%
Plan fiduciary net position as a percentage of the total pension asset	171.84%	188.21%	118.84%	124.46%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017	2016	2015	2014
	0.026325%	0.024882%	0.025531%	0.025300%	0.025300%
\$	4,129,882	\$ 5,650,278	\$ 4,422,291	\$ 3,051,464	\$ 2,982,540
\$	3,495,077	\$ 3,237,625	\$ 3,184,508	\$ 3,109,367	\$ 2,954,423
	118.16%	174.52%	138.87%	98.14%	100.95%
	84.66%	77.25%	81.08%	86.45%	86.36%
	0.000845%	0.002002%	0.008640%	n/a	n/a
\$	29	\$ 8	\$ 33	n/a	n/a
\$	4,640	\$ 10,389	\$ 48,117	n/a	n/a
	0.63%	0.08%	0.07%	n/a	n/a
	124.46%	103.40%	103.91%	n/a	n/a

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST NINE YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.14648390%	0.12970570%	0.10608620%	0.10427500%
City's proportionate share of the net pension liability	\$ 9,151,467	\$ 8,842,154	\$ 7,146,533	\$ 8,511,595
City's covered payroll	\$ 3,753,214	\$ 3,076,309	\$ 2,611,183	\$ 2,418,575
City's proportionate share of the net pension liability as a percentage of its covered payroll	243.83%	287.43%	273.69%	351.93%
Plan fiduciary net position as a percentage of the total pension liability	75.03%	70.65%	69.89%	63.07%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.10974200%	0.09423200%	0.09375600%	0.09370540%	0.09370540%
\$ 6,735,346	\$ 5,968,562	\$ 6,031,391	\$ 4,854,331	\$ 4,563,747
\$ 2,487,024	\$ 2,146,230	\$ 2,009,053	\$ 2,454,379	\$ 1,906,928
270.82%	278.10%	300.21%	197.78%	239.32%
70.91%	68.36%	66.77%	72.20%	73.00%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 492,870	\$ 518,885	\$ 478,285	\$ 489,615
Contributions in relation to the contractually required contribution	<u>(492,870)</u>	<u>(518,885)</u>	<u>(478,285)</u>	<u>(489,615)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,520,500	\$ 3,706,321	\$ 3,416,321	\$ 3,497,250
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 200	\$ 200	\$ 529	\$ 200
Contributions in relation to the contractually required contribution	<u>(200)</u>	<u>(200)</u>	<u>(529)</u>	<u>(200)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,000	\$ 2,000	\$ 5,290	\$ 2,000
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 484,916	\$ 454,360	\$ 388,515	\$ 382,141	\$ 373,124	\$ 384,075
<u>(484,916)</u>	<u>(454,360)</u>	<u>(388,515)</u>	<u>(382,141)</u>	<u>(373,124)</u>	<u>(384,075)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,463,686	\$ 3,495,077	\$ 3,237,625	\$ 3,184,508	\$ 3,109,367	\$ 2,954,423
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
\$ 479	\$ 464	\$ 987	\$ 5,774		
<u>(479)</u>	<u>(464)</u>	<u>(987)</u>	<u>(5,774)</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
\$ 4,790	\$ 4,640	\$ 10,389	\$ 63,801		
10.00%	10.00%	9.50%	9.05%		

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>Police:</i>				
Contractually required contribution	\$ 365,184	\$ 349,774	\$ 314,926	\$ 328,143
Contributions in relation to the contractually required contribution	<u>(365,184)</u>	<u>(349,774)</u>	<u>(314,926)</u>	<u>(328,143)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,922,021	\$ 1,840,916	\$ 1,657,505	\$ 1,727,068
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 509,042	\$ 449,390	\$ 333,419	\$ 207,767
Contributions in relation to the contractually required contribution	<u>(509,042)</u>	<u>(449,390)</u>	<u>(333,419)</u>	<u>(207,767)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,166,136	\$ 1,912,298	\$ 1,418,804	\$ 884,115
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 298,529	\$ 313,524	\$ 289,374	\$ 285,479	\$ 347,329	\$ 230,055
<u>(298,529)</u>	<u>(313,524)</u>	<u>(289,374)</u>	<u>(285,479)</u>	<u>(347,329)</u>	<u>(230,055)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,571,205	\$ 1,650,126	\$ 1,523,021	\$ 1,502,521	\$ 1,828,047	\$ 1,448,405
19.00%	19.00%	19.00%	19.00%	19.00%	15.88%
\$ 199,132	\$ 196,671	\$ 146,454	\$ 119,035	\$ 147,188	\$ 93,385
<u>(199,132)</u>	<u>(196,671)</u>	<u>(146,454)</u>	<u>(119,035)</u>	<u>(147,188)</u>	<u>(93,385)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 847,370	\$ 836,898	\$ 623,209	\$ 506,532	\$ 626,332	\$ 458,144
23.50%	23.50%	23.50%	23.50%	23.50%	20.38%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

	LAST SIX YEARS			
	2022	2021	2020	2019
City's proportion of the net OPEB liability/asset	0.023613%	0.023464%	0.022983%	0.023966%
City's proportionate share of the net OPEB liability/(asset)	\$ (739,595)	\$ (418,030)	\$ 3,174,551	\$ 3,124,602
City's covered payroll	\$ 3,708,321	\$ 3,421,611	\$ 3,499,250	\$ 3,468,476
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.94%	12.22%	90.72%	90.09%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	128.23%	115.57%	47.80%	46.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.024590%	0.023267%
\$ 2,670,293	\$ 2,350,047
\$ 3,499,717	\$ 3,248,014
76.30%	72.35%
54.14%	54.05%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

	LAST SIX YEARS			
	2022	2021	2020	2019
City's proportion of the net OPEB liability	0.14648390%	0.12970570%	0.10608620%	0.10427500%
City's proportionate share of the net OPEB liability	\$ 1,605,590	\$ 1,374,253	\$ 1,047,891	\$ 949,584
City's covered payroll	\$ 3,753,214	\$ 3,076,309	\$ 2,611,183	\$ 2,418,575
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.78%	44.67%	40.13%	39.26%
Plan fiduciary net position as a percentage of the total OPEB liability	46.86%	45.42%	47.08%	46.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2018</u>		<u>2017</u>
	0.10974200%		0.09423200%
\$	6,217,811	\$	4,472,981
\$	2,487,024	\$	2,146,230
	250.01%		208.41%
	14.13%		15.96%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	2022	2021	2020	2019
Contractually required contribution	\$ 80	\$ 80	\$ 212	\$ 80
Contributions in relation to the contractually required contribution	(80)	(80)	(212)	(80)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,522,500	\$ 3,708,321	\$ 3,421,611	\$ 3,499,250
Contributions as a percentage of covered payroll	0.00%	0.00%	0.01%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 192	\$ 35,136	\$ 65,221	\$ 63,690	\$ 62,045	\$ 29,531
<u>(192)</u>	<u>(35,136)</u>	<u>(65,221)</u>	<u>(63,690)</u>	<u>(62,045)</u>	<u>(29,531)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,468,476	\$ 3,499,717	\$ 3,248,014	\$ 3,248,309	\$ 3,109,367	\$ 2,954,423
0.01%	1.00%	2.01%	1.96%	2.00%	1.00%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	2022	2021	2020	2019
<i>Police:</i>				
Contractually required contribution	\$ 9,610	\$ 9,205	\$ 8,288	\$ 8,635
Contributions in relation to the contractually required contribution	(9,610)	(9,205)	(8,288)	(8,635)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,922,021	\$ 1,840,916	\$ 1,657,505	\$ 1,727,068
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 10,831	\$ 9,562	\$ 7,094	\$ 4,421
Contributions in relation to the contractually required contribution	(10,831)	(9,562)	(7,094)	(4,421)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,166,136	\$ 1,912,298	\$ 1,418,804	\$ 884,115
Contributions as a percentage of covered payroll	0.50%	0.00%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 7,856	\$ 8,251	\$ 7,821	\$ 7,716	\$ 7,346	\$ 52,353
<u>(7,856)</u>	<u>(8,251)</u>	<u>(7,821)</u>	<u>(7,716)</u>	<u>(7,346)</u>	<u>(52,353)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,571,205	\$ 1,650,126	\$ 1,523,021	\$ 1,502,521	\$ 1,828,047	\$ 1,448,405
0.50%	0.50%	0.51%	0.51%	0.40%	0.38%
\$ 4,237	\$ 4,184	\$ 3,116	\$ 2,533	\$ 2,395	\$ 17,286
<u>(4,237)</u>	<u>(4,184)</u>	<u>(3,116)</u>	<u>(2,533)</u>	<u>(2,395)</u>	<u>(17,286)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 847,370	\$ 836,898	\$ 623,209	\$ 506,532	\$ 626,332	\$ 458,144
0.50%	0.50%	0.50%	0.50%	0.50%	3.77%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.

(Continued)

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

OHIO AUDITOR OF STATE KEITH FABER



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

City of Englewood
Montgomery County
333 West National Road
Englewood, Ohio 45322

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, (the City) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 28, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 28, 2023

OHIO AUDITOR OF STATE KEITH FABER



CITY OF ENGLEWOOD

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/26/2023

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

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