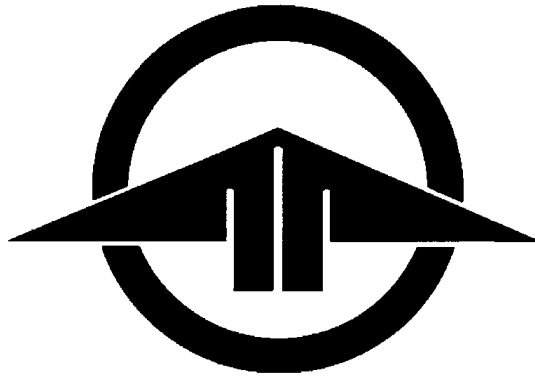


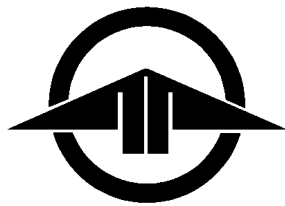
**CITY OF KETTERING, OHIO**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2023**



Prepared by:  
Department of Finance  
Nancy H. Gregory, CPA, Director



CITY OF KETTERING

# CITY OF KETTERING, OHIO

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

### TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	iii
City Officials	vii
Department of Finance Staff	viii
City Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting	x
FINANCIAL SECTION	
Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Fund Balance Sheets - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Statement of Net Position - Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22
Statement of Fiduciary Net Position - Fiduciary Funds	23
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	23
Notes to the Basic Financial Statements	24
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability - OP&F	56
Schedule of the City's Proportionate Share of the Net Pension Liability - OPERS	56
Schedule of City Contributions for Net Pension Liability - OP&F	57
Schedule of City Contributions for Net Pension Liability - OPERS	57
Schedule of the City's Proportionate Share of the Net OPEB Liability - OP&F	58
Schedule of the City's Proportionate Share of the Net OPEB Liability - OPERS	58
Schedule of City Contributions to OPEB - OP&F	59
Schedule of City Contributions to OPEB - OPERS	59
Budget (GAAP Budget) to Actual Comparison Schedule - General Fund	60
Budget (GAAP Budget) to Actual Comparison Schedule - Street Maintenance Fund	62
Budget (GAAP Budget) to Actual Comparison Schedule - Parks Recreation and Cultural Arts Fund	63
Budget (GAAP Budget) to Actual Comparison Schedule - Fraze Pavilion Fund	64
Budget (GAAP Budget) to Actual Comparison Schedule - Community Development Fund	65
Budget (GAAP Budget) to Actual Comparison Schedule - Emergency Medical Fund	66
Notes to the Required Supplementary Information	67

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**TABLE OF CONTENTS - CONTINUED**

	<b>Page</b>
<b>SUPPLEMENTAL DATA</b>	
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (GAAP Budget)	73
Debt Service Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Budget)	76
Capital Projects Fund:	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (GAAP Budget)	77
Detailed Schedule of Expenditures Compared to Budget (GAAP Budget)	78
Internal Service Funds:	
Combining Statement of Net Position	79
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	80
Combining Statement of Cash Flows	81
Custodial Funds:	
Combining Statement of Net Position	82
Combining Statement of Changes in Net Position	82
Miscellaneous Schedules:	
Debt Schedule	83
	<b>Schedule</b>
<b>STATISTICAL SECTION</b>	
Net Position by Category Last Ten Years	1      86
Changes in Net Position Last Ten Years	2      87
Fund Balances, Governmental Funds Last Ten Years	3      88
Changes in Fund Balances, Governmental Funds Last Ten Years	4      89
Income Tax by Payer Type and Income Tax Rate Last Ten Years	5      90
Percentages of Income Tax by Payer Type for Top Ten Payers Current and Ten Years Ago	6      90
Ratios of Outstanding Debt by Type and Legal Debt Margins Last Ten Years	7      91
Direct and Overlapping Debt	8      92
Demographic and Economic Statistics Last Ten Years	9      92
Principal Employers Current Year and Ten Years Ago	10     93
City Government Employees by Function/Program Last Ten Years	11     93
Operating Indicators by Function/Program Last Ten Years	12     94
Capital Asset and Infrastructure Statistics by Function/Program Last Ten Years	13     94

## **INTRODUCTORY SECTION**



March 25, 2024

Honorable Mayor, Members of City Council  
and Citizens of Kettering, Ohio:

The Annual Comprehensive Financial Report for the City of Kettering for the year ended December 31, 2023, is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City provides various services including police and fire protection, parks, recreation and cultural arts, street maintenance, planning, zoning and other general governmental services. The City does not maintain utility operations. Montgomery County, Greene County, Beavercreek, Centerville, Kettering, Sugarcreek and West Carrollton School Districts, Miami Conservancy District, Miami Valley Regional Transit Authority, Ohio Police and Fire Pension Fund and the Ohio Public Employees Retirement System have not met the established criteria for inclusion in the reporting entity and are excluded from this report. In addition, the City is one of twenty-one local cities involved in a public entity risk pool, Miami Valley Risk Management Association, Inc. This separate entity does not meet the established criteria for inclusion in the reporting entity and, accordingly is not included in the City's financial report.

## HISTORY AND BACKGROUND

Kettering was established as a village in 1952. Three years later, it achieved City status, adopted a Home Rule Charter and approved the Council/Manager form of government. The City of Kettering was named for its most outstanding citizen, Charles F. Kettering, a well-known philanthropist and inventor. Kettering invented the automotive self-starter, and the "Bug," the world's first robot plane.

The City operates under a Council/Manager form of government with a Mayor and six City Council

members elected on a non-partisan basis for a term of four years. Kettering is known as a leader in many areas of municipal government, including financial reporting, fire and EMS services, police services, parks, recreation and cultural arts programs, intergovernmental cooperation and successfully structured volunteer programs. Kettering citizens are known for their community spirit and involvement. In fact, Kettering is commonly known as the "City of Volunteers."

The quality of living in any city can be measured best by the satisfaction of the residents with the services they receive. In Kettering, people like what they find. Our most recent citizen survey showed that 95% of residents are satisfied with Kettering as a place to live.

## ECONOMIC CONDITION AND OUTLOOK

The City of Kettering structures its operations and decision-making in a manner that emphasizes economic stability, even during uncertain times. For example, the City implemented mandatory filing of municipal income tax for all residents ages eighteen and older effective for tax years beginning January 1, 2012. This move has resulted in the establishment of a more accurate tax base allowing for efficient follow up and improved delinquency collections for our largest source of general fund revenue. Total 2023 income tax revenue increased 6.8% primarily due to increased receipts from individual and business accounts and reduced refunds. The growth of future income tax receipts will continue to result from employees working within the City's boundaries and businesses continuing to remain or expand in Kettering. The City continues to focus the efforts of our Economic Development Department on attracting new employers with the potential for growth and longevity.

The diversity of Kettering's employment base also serves to diminish the overall impact of declines in employment whether from general economic conditions such as a recession, a relocation of a business or general employment changes. The business base ranges from some major employers headquartered in Kettering to many midsize companies specializing in technology or professional services down to smaller family owned businesses.

Kettering's largest employers include Kettering Medical Center (KMC) the flagship facility of the Kettering Health Network (KHN) and Reynolds & Reynolds. KMC employs more than 3,500. After completion of a state of the art command center in the Kettering Business Park in late 2019, KHN opened two new facilities in 2021 to make healthcare easier for residents and visitors. An On Demand Care Center opened in the Town & Country Shopping Center offering same day, affordable care. The \$1.2 million, 3,200 square foot location employs six full time positions in the heart of Kettering. KHN also opened its Years Ahead Center on East Stroop Road. The 14,000 square foot, \$5.6 million medical office building focuses on senior care and houses more than 30 jobs. Services include primary care and internal medicine, behavioral health and educational classes, as well as X-ray and labs with more than 20 exam rooms. Reynolds & Reynolds, a fortune 1000 company based in Dayton since 1866, is a market leader delivering information technology, software solutions and professional services that support automobile retailing. The company employs 1,390 at its Miami Valley Research Park campus. Other major employers in the city include Kettering City Schools, Alternate Solutions Health Network, Solvita, and a number of engineering firms, computer hardware and software companies, and service related businesses. While we have seen growth in employment in certain sectors, we continue to be proactive in the area of economic development to attract new employers to Kettering. One ongoing example is the effort to market the Tenneco facility as the company completed the closure of its operations in Kettering. Tenneco announced plans in late 2021 to discontinue operations by December 31, 2023, affecting 600 jobs. However, the 940,000 square foot manufacturing facility is marketable, and multiple potential buyers have shown interest.

The City's success in adding to our tax base is evident in a number of projects. After completing the purchase of nearly 300 acres of unimproved land from the Miami Valley Research Foundation at the end of 2017, the City continues to market the land remaining for development and work with existing tenants to explore expansion opportunities. Solvita, formerly Community Tissue Services, completed construction on a 132,000 square foot expansion at its Miami Valley Research Park (MVRP) location. The \$50 million project doubled the facility's footprint and initially created an additional 200 – now almost 800 jobs - primarily in the manufacturing and support fields at the company's Center for Tissue Innovation. Life Connection of Ohio (LCO) purchased 9 acres

also at the Miami Valley Research Park for a new headquarter facility. LCO is a non-profit organization that has promoted and facilitated organ donation for more than 30 years. The 30,000 square foot expansion will allow for a larger work force, which is expected to nearly double in 5 years, and the annual payroll is expected to increase from \$5 million to about \$9 million. LCO took occupancy in early 2022 with almost 100 employees. The location also allows LCO to work in close proximity with more businesses in the industry such as Solvita. Resonetics, LLC completed an expansion in 2022 on 3 acres of land purchased from the City. The medical device business created 95 full-time jobs with the help of local and JobsOhio assistance. The business currently has 147 employees in a 20,000 square foot facility on now 4.5 acres in the College Drive building it first occupied in 2013. Cleveland based developer Industrial Commercial Properties (ICP) purchased 5 buildings and 40 acres in Miami Valley Research Park in 2020. The company transformed the buildings into Class A office space with building renovations, aesthetic improvements, and new signage, bringing numerous new tenants to the Park. The office building at 1900 Founders Boulevard has 150,000 square feet of space and will house up to 900 new Air Force employees in 2024. Kettering Business Park (KBP) is another area of continued success in the area of economic development. Solvita continued its expansion with the purchase of two buildings vacated by Synchrony in 2020. The acquisition provides an additional 400,000 square feet of new space to expand warehouse capacity, improve efficiencies and further its potential as a global leader in the production of life-saving and life-enhancing allografts. Outside of our major business parks, Kettering saw several new businesses open their doors, namely Let Them Be Wild retail store, Optimized Senior Living center, Jimmy John's sandwich shop and TJ Chumps restaurant.

During 2023, the City's Economic Development Manager continued working with the Community Development Manager to offer the Microenterprise Loan Program. The program awarded a total of \$89,500 of forgivable loans to ten Kettering businesses to fund business equipment, inventory, fixed assets, marketing and promotion, or other necessary improvements. To be eligible for the funding, the applicant must be located in Kettering; a registered taxpayer and current on tax payments; and a designated microenterprise, defined as a business with five or fewer employees, one of whom is the owner of the business.

Infrastructure investment and community development are also priorities for the City. One significant example is the continued implementation of the plan developed by the Wilmington Pike Improvement Committee to regenerate investment and spur economic development along the Wilmington Pike corridor. Two programs that have contributed to revitalization of Wilmington Pike are now citywide. The Demolition Program provides financial assistance to commercial and residential property owners to assist with the demolition of structures and clearing of sites for purposes of redevelopment. The Façade and Site Improvement Program allows business owners to apply for a grant, up to \$25,000, to assist with making improvements to the physical appearance of the property and ensuring conformance to city codes. The City of Kettering is also committed to supporting residential development to ensure families looking for affordable homes with modern amenities have options in Kettering. Two new apartment buildings were added to Kettering's residential opportunities. Hempstead Landing is a four story, 40 unit building opened in 2022 as a general occupancy workforce housing community. Darby Run is a 50 unit apartment building in this same area that opened in 2023. In addition, a former AT&T building was demolished and construction continued for two apartment buildings with a total cost of over \$22 million and 103 units. The Lofts will offer general workforce occupancy affordable housing, while The Senior Village will offer housing to those 55 and older. The City's Community Development division continues to facilitate programs for providing quality housing to Kettering homeowners. These programs include financial assistance for first time home buying, emergency repairs, and comprehensive updates. The City will continue to act as a catalyst for reinvestment and redevelopment throughout our community in future years.

The City continues to make capital improvements a high priority each year. Renovation of the Rosewood Arts Center continued during 2023 with a ribbon cutting taking place in December. The estimated \$6.4 million project includes approximately \$2.1 million from a fund raising campaign through the Kettering Parks Foundation and a \$450,000 grant from the Ohio Facilities Construction Commission. In addition to major upgrades to the building's infrastructure, the project included the creation of more efficient and customized learning environments for various artistic disciplines. The three-phase project culminated with completion of painting, drawing, artist and future printmaking studios as well as the theater.

Kettering participates in ED/GE, a revenue sharing program that includes about thirty communities in Montgomery County. Money from the program is distributed to the communities for economic development projects after an application for funds is filed and a board of local officials for the communities reviews and approves the projects. The City has benefited significantly in the past from this program and will continue to apply for future funds as eligible opportunities become available. The ED/GE program was to expire after 2019. However, a new agreement has extended the program for an additional ten years.

A significant area of emphasis for this organization is long term financial planning. This includes preparation of a five-year capital improvement program and a long-range financial forecast. Additional Long Term Financial Policies are in the City's 2024 Budget message. These policies include the development each year of a balanced budget where the appropriations for any given year shall not exceed the sum of available cash balances, less reserves, plus revenues to be received during the year. In addition, current year operating expenditures and debt service obligations shall be covered using current year operating revenues. In the area of debt, the City shall not issue long-term debt to pay for current operations.

The City's focus on economic development combined with the existing variety of businesses located within Kettering are significant factors affecting the future economic strength of this community. Promoting Kettering as a good place to do business for new businesses, as well as existing businesses, will continue to be one of our highest priorities.

For a more in-depth analysis of the City's current economic condition, please see the Management Discussion and Analysis (MD&A) portion of the report starting on page 5 of the Financial Section.

## **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting



principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

**Budgetary Controls.** The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund are included in the annual appropriated budget. For more detailed budget information, please see the Notes to the Required Supplementary Information on page 67 of this report.

## OTHER INFORMATION

**Independent Audit.** The basic financial statements of the City of Kettering were audited by the Ohio Auditor of State. See page 2 of the Financial Section of this report for their unmodified opinion.

**Awards.** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kettering, Ohio for its annual comprehensive financial report for the fiscal year ended December 31, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Kettering has received a Certificate of Achievement for the last 41 consecutive years (fiscal years ended 1982-2022). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA. In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget for the fiscal year beginning January 1, 2023. The City of Kettering has received a Distinguished Budget Presentation Award for the last 38 consecutive years (fiscal years beginning 1986-

2023). In order to receive this award, the City must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

**Acknowledgements.** A note of sincere appreciation is extended to the many conscientious people who have contributed so much of their time and effort to the preparation of this report. The Finance Department staff, in particular Assistant Finance Director Randall R. Harper and Financial Analyst Rachel F. Dexter, are to be commended for their commitment to professional excellence as exemplified by the contents of this report. Finally, contributions to the financial condition of the City of Kettering by the Mayor, members of City Council, Assistant City Manager and Department Directors cannot be overemphasized. Their guidance and support represent invaluable factors necessary for the City to continue to manage the financial affairs and reporting requirements of municipal government within the Kettering Community.

Respectfully submitted,



Matthew H. Greeson  
City Manager



Nancy H. Gregory, CPA  
Director of Finance

**CITY OF KETTERING, OHIO**

CITY OFFICIALS

Peggy Lehner, Mayor  
Jacque Fisher, Vice Mayor  
Bruce E. Duke  
Lisa Duvall  
Jyl Hall  
Tony Klepacz  
Bob Scott

CITY MANAGER

Matthew H. Greeson

INDEPENDENT AUDITORS

Ohio Auditor of State

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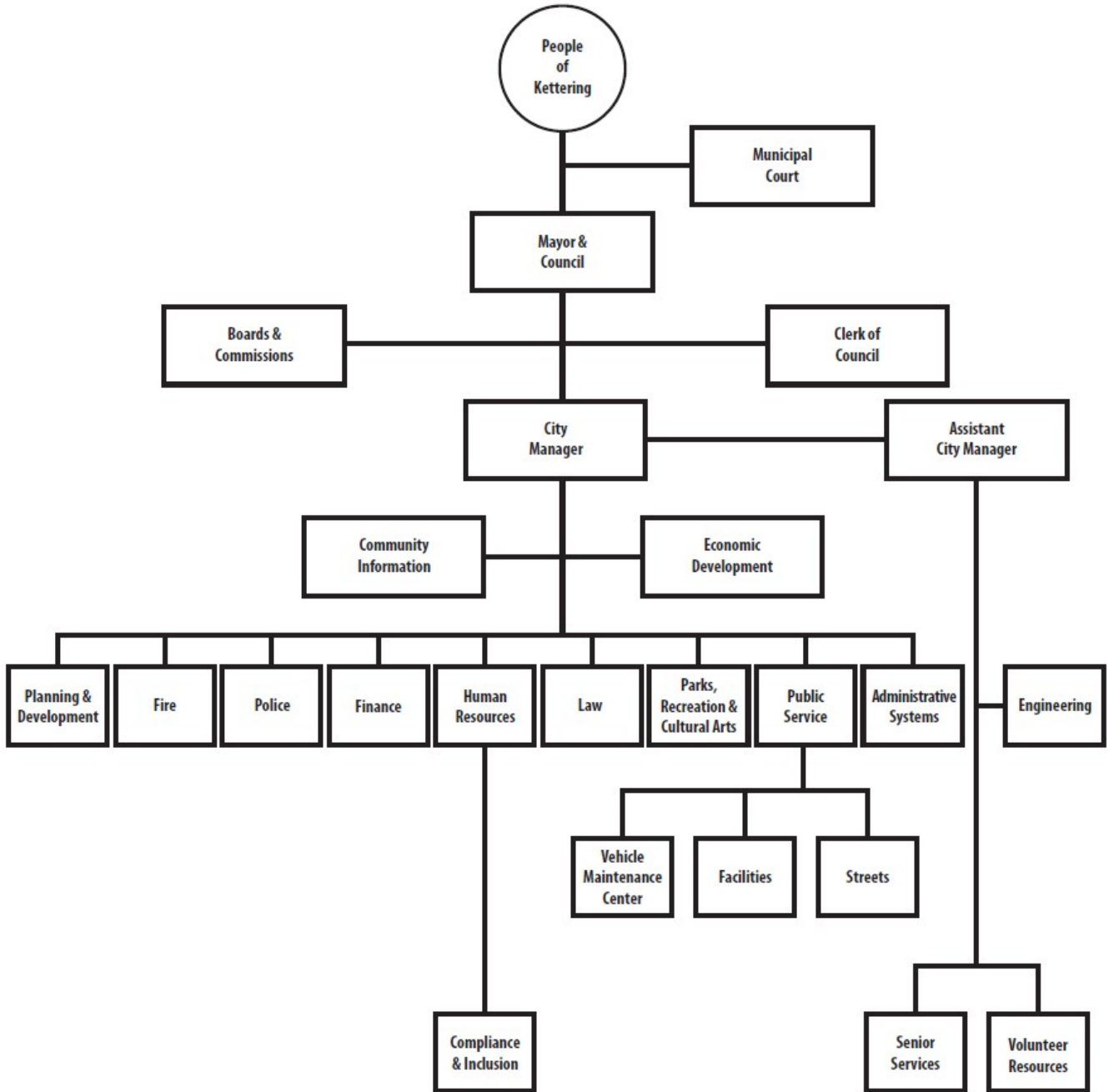
## CITY OF KETTERING, OHIO

### DEPARTMENT OF FINANCE

#### STAFF

Nancy H. Gregory, CPA	Finance Director
Randall R. Harper, CPA	Assistant Finance Director
Kelly M. O'Connell, CPA	Budget Manager
Estelle O. Gibson, CPA	Purchasing Manager
Sharin L. Snively	Tax Manager
Tracy L. Roesle	Administrative Assistant II
Marcy K. Bare, CPA	Financial Analyst
Rachel F. Dexter, CPA	Financial Analyst
Lynn A. Blumenschein	Finance Technician II - Part-Time
Kimberly M. Koogler	Finance Technician II
Jeri N. Evenden	Finance Technician II
Christopher E. Cottrill	Finance Technician II
Matthew H. Keele	Finance Technician II
Tanner K. Higgins	Finance Technician II
Noelle C. Novack	Finance Technician II
Laura M. Zeck	Finance Technician II
Julie M. Byerly	Finance Technician I
Joyce A. Foley	Finance Technician I
Kerry J. Rimstidt	Finance Technician I - Part-Time
Maria L. Colbert	Finance Technician I
Victoria L. Adams	Finance Clerk

# City of Kettering 2023 Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

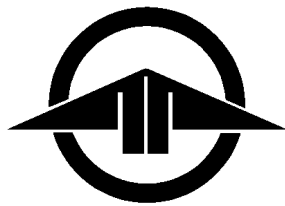
**City of Kettering  
Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2022

*Christopher P. Morill*

Executive Director/CEO



CITY OF KETTERING

**FINANCIAL SECTION**

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

City of Kettering  
Montgomery County  
3600 Shroyer Road  
Kettering, Ohio 45429

To the City Council:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Kettering, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Kettering, Montgomery County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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, required budgetary comparison schedules, 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.

### ***Supplementary information***

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

The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, 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

March 25, 2024

**MANAGEMENT’S DISCUSSION AND ANALYSIS (unaudited)**

Our discussion and analysis of the City of Kettering’s financial performance provides an overview of the City’s financial activities for the fiscal year ended December 31, 2023.

**FINANCIAL HIGHLIGHTS**

1. Net position increased \$5,793,168 or 3.0% while unrestricted net position decreased \$3,191,400 or 12.5%. The majority of these increases are the result of an increase in general revenues net of GASB 68/75 pension and OPEB-related reporting. See “THE CITY AS A WHOLE” on page 6 for details.
2. Total revenues decreased 0.8% while total expenses increased 16.0%, in the Statement of Activities.
3. Operating grants decreased \$14,118,400 or 75.0%.
4. Capital grants and contributions increased 56.1%.
5. Income taxes increased \$5,632,900 or 10.9%, in the Statement of Activities.
6. Investment earnings increased \$5,059,700 or 115.8%.
7. Total costs of services increased 16.0%, while net costs of services increased 51.0%.
8. The General Fund reported an increase in fund balance of \$563,900.
9. The Capital Projects fund reported a decrease in fund balance of \$4,488,400.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the City as a whole and present a longer-term view of the City’s finances. Fund financial statements start on page 14. For governmental funds, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s most significant funds. The remaining statements provide financial information about activities for which the City acts in a fiduciary capacity, holding assets solely for the benefit of other governments, organizations, or individuals.

**Reporting the City as a Whole***The Statement of Net Position and the Statement of Activities*

Our analysis of the City as a whole begins on page 6. One of the most important questions asked about the City’s finances is, “Is the City as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that help answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City’s net position and changes in it. You can think of the City’s net position — the difference between assets, deferred outflows and liabilities, deferred inflows — as one way to measure the City’s financial health. Over time, increases or decreases in the City’s net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City’s property tax base, the condition of the City’s roads, the condition of the City’s neighborhoods, and the reputation of the public schools to assess the overall health of the City.

**Reporting the City’s Most Significant Funds***Fund Financial Statements*

Our analysis of the City’s major funds begins on page 10. The fund financial statements begin on page 14 and provide detailed information about the most significant funds — not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the Finance Director establishes many other funds to help

control and manage money for particular purposes or to show that the City is meeting legal responsibilities for using certain taxes, grants, and other money (like grants received from the U.S. Department of Housing and Urban Development). The City's two kinds of funds — governmental and proprietary — use different accounting approaches.

- **Governmental funds** — Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- **Proprietary funds** — The City uses internal service funds (a component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities. An example of an internal service fund would be the City's Administrative Operations Fund, which accounts for activities of the Vehicle Maintenance Center, the Print Shop, and others. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

## The City as Trustee

### *Reporting the City's Fiduciary Responsibilities*

The City is the trustee, or fiduciary, for assets that — because of a trust arrangement — can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on page 23. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

## THE CITY AS A WHOLE

As stated previously, the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net position for 2023 compared to 2022:

**TABLE 1**

**NET POSITION**

	2023	2022
Current and other assets	\$132,582,780	\$135,194,499
Capital assets	193,819,167	186,947,291
Total assets	<u>326,401,947</u>	<u>322,141,790</u>
Deferred outflows of resources	43,842,550	23,648,246
Long-term debt outstanding	(27,175,307)	(29,326,775)
Net pension and OPEB liability	(110,862,130)	(63,604,398)
Other liabilities	(9,391,822)	(7,834,518)
Total liabilities	<u>(147,429,259)</u>	<u>(100,765,691)</u>
Deferred inflows of resources	(22,773,788)	(50,776,063)
Net position:		
Net investment in capital assets	170,773,444	163,239,185
Restricted	6,835,196	5,384,913
Unrestricted	22,432,810	25,624,184
Total net position	<u>\$200,041,450</u>	<u>\$194,248,282</u>

The largest impacts on the City's financial statement in 2023 had absolutely no impact on the City's financial condition; GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other

Than Pensions”. GASB 68/75 required the City to recognize a pension/OPEB liability of over \$110.8 million. For reasons discussed below, this liability serves only to distort the true financial position of the City. Users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the Net OPEB asset and deferred outflows related to pension and OPEB. The resulting net position would be \$277,697,869 which is \$77.7 million more than the net position reported.

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

Under the standards required by GASB 68 and GASB 75, the net pension liability and the net OPEB liability 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 (asset), whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading 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.

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

**TABLE 2**  
**CHANGES IN NET POSITION**

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues:		
Charges for services	\$10,965,665	\$10,602,851
Operating grants and contributions	4,693,781	18,812,167
Capital grants and contributions	5,304,366	3,398,059
General revenues:		
Income taxes	57,184,421	51,551,516
Property taxes	8,535,249	7,918,043
Other taxes	5,487,220	5,410,629
Investment earnings	4,622,953	(436,767)
Other general revenue	3,783,836	4,101,762
Total revenues	<u>100,577,491</u>	<u>101,358,260</u>
Program expenses		
General government	19,384,399	15,614,898
Police	21,102,681	17,197,584
Fire	20,010,928	17,353,256
Public works	16,043,550	15,164,725
Leisure services	17,670,973	15,768,213
Interest on long-term debt	571,792	618,019
Total expenses	<u>94,784,323</u>	<u>81,716,695</u>
Increase (decrease) in net position	5,793,168	19,641,565
Net position beginning	<u>194,248,282</u>	<u>174,606,717</u>
Net position ending	<u>\$200,041,450</u>	<u>\$194,248,282</u>

For 2023 the City produced a 3.0% increase in total net position. Revenues generated were \$100.6 million and expenses from all programs were \$94.8 million resulting in an increase in net position for the year of \$5,793,200. The unrestricted net position — the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements — decreased \$3,191,400. As stated above, the requirement that the City recognize a pension/OPEB liability of over \$110.8 million distorts the City's net position and unrestricted net position.

Explanations for the larger fluctuations between years are as follows:

- Income tax revenues increased primarily due to fluctuations in estimated payments with increased income tax receipts from individuals and businesses and a decrease in refund requests.
- Operating grants and contributions decreased due to a \$13.7 million of Coronavirus State and Local Fiscal Recovery Funds grant revenue in 2022.
- Capital grants and contributions increased due to a larger scope of grant funded roadway projects.
- Investment earnings increased primarily due to required fair market value accounting adjustments to the City's investment holdings and earnings rates are becoming more favorable.
- The general government, fire, public works, and leisure services program expenditures all increased primarily due to the pension/OPEB adjustment that increased expenses by \$3.3 million in 2023 and decreased expenses by \$10.5 million in 2022. See table 4 below for additional explanations.

The following table presents the cost of each of the City's four largest programs – police, fire, public works and leisure services – as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

**TABLE 3**  
**GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Police	\$21,102,681	\$17,197,584	\$20,982,308	\$17,121,010
Fire	20,010,928	17,353,256	17,602,067	15,765,304
Public works	16,043,550	15,164,725	12,090,449	12,350,157
Leisure services	17,670,973	15,768,213	9,331,897	7,753,510
All others	19,384,399	15,614,898	13,241,998	(4,704,382)
	<u>\$94,212,531</u>	<u>\$81,098,676</u>	<u>\$73,248,719</u>	<u>\$48,285,599</u>

Total costs of services for 2023 increased by \$13,113,900 while net costs of services increased by \$24,963,100. Both increases are primarily a result of pension/OPEB adjustments required by GASB Statements 75 and 68. Other operational fluctuations in Total Cost of Services and Net Cost of Services are explained below after Table 4.

As explained on page 7, the provisions of GASB Statements 75 and 68 distort the true financial position of the City. The same provisions require the City to recognize a pension/OPEB adjustment that increased expenses by \$3.3 million in 2023 and decreased expenses by \$10.5 million in 2022. As a result, it is difficult to ascertain the true operational cost of services and the change in cost of services from year to year. The chart below shows total costs of services and net cost of services by function with the GASB Statements 75 and 68 pension and OPEB costs removed.

**TABLE 4**  
**GOVERNMENTAL ACTIVITIES - GASB 75 & 68 PENSION/OPEB COSTS REMOVED**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Police	\$19,116,618	\$18,549,946	\$18,996,245	\$18,473,372
Fire	17,862,384	17,478,827	15,453,523	15,890,875
Public works	16,370,618	17,722,081	12,417,517	14,907,513
Leisure services	17,767,293	18,312,536	9,428,217	10,297,833
All others	19,750,372	19,535,157	13,607,971	(784,123)
	<u>\$90,867,285</u>	<u>\$91,598,547</u>	<u>\$69,903,473</u>	<u>\$58,785,470</u>

As shown in Table 4, by excluding the GASB 75 and GASB 68 pension/OPEB costs, total costs of services for 2023 decreased by \$731,000 while net costs of services increased by \$11,118,000. Total costs decreased primarily due to public works expenditures focused on capital asset projects. Net costs of services increased as a result of receiving a \$13.7 million Coronavirus State and Local Fiscal Recovery Funds Grant in 2022.

The capital asset activity for the year was higher than normal. Capital asset additions totaled \$19.0 million compared to \$14.2 million in 2022. 2023's largest additions included nearly \$8.6 million in street improvements and \$2.3 million in building improvements for the Rosewood Arts Center renovation. Total net capital assets for 2023 were \$193,819,167. Of this total, \$13,097,541 was not being depreciated and the capital assets being depreciated totaled \$367,829,857 with accumulated depreciation of \$187,108,231.

At December 31, 2023, the City had various debt issues outstanding, which included \$20,770,000 of general obligation bonds and \$243,036 of promissory notes. As of December 31, 2023, the City's net general obligation bonded debt of \$21,235,929 was well below the legal limit of \$140,826,487 and debt per capita equaled \$371.

For more detail on capital asset and long-term debt activity, refer to note 8 and note 13 respectively in the Notes to the Basic Financial Statements.

## THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheets on pages 14 and 15) reported a combined fund balance of \$92.7 million, which is 3.4% lower than last year's total of \$96.0 million.

In 2013 the City received a one-time estate tax distribution of over \$42 million dollars. In the past, The City has relied on revenues derived from Ohio's estate tax to pay for capital improvements in the city. The Ohio General Assembly abolished the estate tax effective in 2013. In prior years, on average, the City received \$3,000,000 per year that was placed in the Capital Projects fund. Consistent with established policy and past practice of using estate tax revenues to fund capital projects and in response to the abolishment of the estate tax, City Council passed legislation in 2013 to commit the \$40 million to the Capital Projects fund. The legislation states that the funds are to be expended for future capital improvement projects at a rate of \$3,000,000 per year until the \$40 million is exhausted.

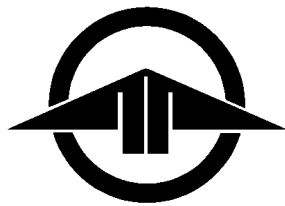
The City's General Fund experienced a \$7,786,000, or 11.9% overall increase in revenues for 2023. At the same time, expenditures increased by \$15,036,700 or 41.3%, and transfers out decreased by \$1,764,900 or 7.7%. The City's General Fund balance increased in 2023 by \$563,900. The increase in investment earnings and income taxes accounts for the majority of the increase in total revenues. Income tax revenue increased 6.8% as a result of a \$1.3 million increase in payments from individuals, a \$1.6 million increase in payments from businesses, and roughly \$501,000 decrease in refund requests. Investment earnings increased 1,058.4% due to required accounting adjustments to the fair market value of the investment portfolio and earnings rates are becoming more favorable. Transfers out to the Capital Projects fund decreased in comparison to 2022 due to timing of projects. A majority of the \$15.0 million increase in General Fund expenditures is attributed to the over \$6.5 million in police and \$7.2 million in fire personnel expenditures that were recorded in the ARPA (American Rescue Plan Act) Fund in 2022 and subsequently those personnel expenditures are charged to the General Fund during 2023.

The Street Maintenance Fund expenditures increased \$714,300 or 11.1% due to replacing older equipment, which correlates to the increase in sale of city assets revenue by \$83,400. Parks, Recreation & Cultural Arts experienced a slight increase in revenues and expenditures roughly in the same proportions. Frazee Pavilion expenditures decreased 21.3% due to a strategic selection of performances. During 2022, the City received Coronavirus State and Local Fiscal Recovery Fund funding from the American Rescue Plan Act (ARPA) of \$13,706,513, which was applied to police and fire personnel costs. This grant has been completed and had no activity during 2023. Community Development Fund experienced an increase in revenues of 43.8% and an increase in expenditures of 87.4%. This is a result of the City awarded additional federal HOME grants during 2023 for increased program opportunities. The Emergency Medical fund had a \$298,290 decrease in expenditures due to timing of capital equipment purchases. Debt Service fund experienced an increase in revenues of 14.2% as the EMS charges for services slightly increased from additional customer utilization and the investment earnings increased. Revenues in the Capital Projects fund increased by \$2.1 million or 56.4% due to more projects with federal and state grant funding, which correlates with the increased fund expenditures by 31.4%. The reduction of the fund balance in the Capital Projects fund is due to the planned use of estate tax revenues of \$3,000,000 per year as detailed above. The Other Special Revenue Governmental Funds saw a decrease in revenues and expenditures roughly in the same proportions. There were no other material changes to the major funds in 2023.

There was a significant variance between General fund actual expenditures and final budgeted expenditures for "Transfers to other funds". Because of lower than expected expenditures in the Capital Projects Fund, the required transfers were reduced.

This financial report is designed to provide our citizens and other interested parties with an overview of the City's finances and to show accountability for the money it receives. This report is also available on the City's website at [www.ketteringoh.org](http://www.ketteringoh.org). Questions concerning any of the information provided in this report or requests for additional information may be addressed to the Finance Department, City of Kettering, 3600 Shroyer Road, Kettering, Ohio, 45429.





CITY OF KETTERING

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

<b>ASSETS</b>	
Pooled cash and investments (note 2)	\$98,517,866
Receivables:	
Income taxes (net of allowance for \$2,228,393)	11,552,700
Property taxes	9,242,120
Payments in lieu of taxes	471,000
Interest	693,552
Accounts	1,532,313
Special assessments	1,090,000
Loans (net of allowance for \$18,906)	817,494
Leases	1,921,840
Due from other governments	3,590,646
Prepaid items	289,552
Inventory	504,155
Assets held for resale	2,359,542
Capital assets not being depreciated (note 8)	13,097,541
Capital assets being depreciated, net (note 8)	180,721,626
Total assets	<u>326,401,947</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension and OPEB	43,842,550
Total deferred outflows	<u>43,842,550</u>
<b>LIABILITIES</b>	
Accounts payable	2,888,359
Salary and benefits payable	3,060,458
Accrued interest payable	48,134
Accrued health claims	928,655
Unearned revenue	2,466,216
Noncurrent liabilities (note 13)	
Due within one year	5,961,318
Due in more than one year	
Net pension and OPEB liability	110,862,130
Other amounts	21,213,989
Total liabilities	<u>147,429,259</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes	9,828,120
Payments in lieu of taxes	471,000
Leases	1,837,829
Pension and OPEB	10,636,839
Total deferred inflows	<u>22,773,788</u>
<b>NET POSITION</b>	
Net investment in capital assets	170,773,444
Restricted for:	
Debt service	1,476,922
Social services	1,244,729
Public safety	1,309,784
Road construction/Public works	327,448
Leisure services	39,327
Municipal court activities	2,436,986
Unrestricted	22,432,810
Total net position	<u>\$200,041,450</u>

See accompanying notes to the basic financial statements.

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

Functions/Programs	Expenses	Program Revenues			Total Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$19,384,399	\$2,310,392	\$3,832,009		(\$13,241,998)
Police	21,102,681	15,535	104,838		(20,982,308)
Fire	20,010,928	2,405,140	3,721		(17,602,067)
Public works	16,043,550	18,400		\$3,934,701	(12,090,449)
Leisure services	17,670,973	6,216,198	753,213	1,369,665	(9,331,897)
Interest on long-term debt	571,792				(571,792)
<b>Total</b>	<b>\$94,784,323</b>	<b>\$10,965,665</b>	<b>\$4,693,781</b>	<b>\$5,304,366</b>	<b>(73,820,511)</b>
General revenues:					
Taxes:					
					57,184,421
					7,746,406
					788,843
					1,059,449
					3,056,526
					789,479
					307,656
					274,110
					1,061,993
					496,089
					4,622,953
					1,826,369
					399,385
					<u>79,613,679</u>
					5,793,168
					<u>194,248,282</u>
					<u>\$200,041,450</u>

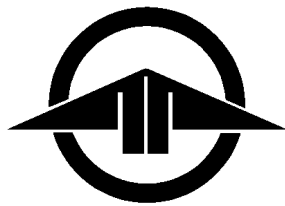
See accompanying notes to the basic financial statements.

FUND BALANCE SHEETS - GOVERNMENTAL FUNDS  
DECEMBER 31, 2023

		Major	Special	
	General Fund	Street Maintenance	Parks, Recreation & Cultural Arts	
			Fraze Pavilion	
<b>ASSETS</b>				
Pooled cash and investments	\$61,374,430	\$1,534,223	\$631,692	\$2,444,819
Receivables:				
Income taxes (net of allowance for \$2,228,393)	11,552,700			
Property taxes	8,058,657			
Payments in lieu of taxes				
Interest	693,552			
Accounts	144,146	521	55,820	55,000
Special assessments	400,000			
Loans (net of allowance for \$18,906)				
Leases	1,856,711			
Due from Other Special Revenue fund	582,641			
Due from other governments	1,067,882	1,584,357		
Prepaid items	192,062	19,473	37,924	16,804
Inventory		176,409		
Assets held for resale	2,359,542			
Total assets	<u>\$88,282,323</u>	<u>\$3,314,983</u>	<u>\$725,436</u>	<u>\$2,516,623</u>
<b>LIABILITIES</b>				
Accounts payable	\$717,583	\$31,356	\$165,842	\$35,908
Due to General fund				
Accrued payroll	2,145,805	174,996	307,729	17,992
Unearned revenue	2,293,926	2,000	124,767	8,675
Total liabilities	<u>5,157,314</u>	<u>208,352</u>	<u>598,338</u>	<u>62,575</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income taxes	7,215,063			
Property taxes	8,458,657			
Leases	1,773,849			
Grants, other taxes and payments in lieu of taxes	987,148	1,308,900		
Total deferred inflows of resources	<u>18,434,717</u>	<u>1,308,900</u>	<u>0</u>	<u>0</u>
<b>FUND BALANCES</b>				
Nonspendable: Inventory, prepaids, assets for resale, unclaimed funds, and unamortized leases	3,294,624	195,882	37,924	16,804
Restricted for:				
Debt service				
Social services				
Public safety				
Road construction / Public works				
Leisure services				
Municipal court activities				
Committed to:				
Social services	135,938			
Public safety	4,108,732			
Road construction / Public works	189,616	1,601,849		
Leisure services			89,174	2,437,244
Economic development	2,119,688			
Other purposes	218,595			
Assigned for:				
Community programs, Capital equipment, and Capital improvements	2,640,586			
Road construction / Public works	721,334			
Future appropriations	364,840			
Unassigned:	50,896,339			
Total fund balances	<u>64,690,292</u>	<u>1,797,731</u>	<u>127,098</u>	<u>2,454,048</u>
Total liabilities, deferred inflows & fund balances	<u>\$88,282,323</u>	<u>\$3,314,983</u>	<u>\$725,436</u>	<u>\$2,516,623</u>

See accompanying notes to the basic financial statements.

Revenue Funds				Other	Total
Community Development	Emergency Medical	Debt Service	Capital Projects	Special Revenue Governmental Funds	Governmental Funds
\$213,999	\$1,170,857	\$1,352,488	\$17,547,723	\$4,608,094	\$90,878,325
		772,859		410,604	11,552,700
			471,000		9,242,120
					471,000
					693,552
	38,795	219,837	488,292	496,214	1,498,625
			690,000		1,090,000
817,494					817,494
				65,129	1,921,840
					582,641
278,733		50,800	167,696	441,178	3,590,646
				647	266,910
					176,409
					2,359,542
<u>\$1,310,226</u>	<u>\$1,209,652</u>	<u>\$2,395,984</u>	<u>\$19,364,711</u>	<u>\$6,021,866</u>	<u>\$125,141,804</u>
\$108,450	\$1,086	\$6,156	\$1,636,604	\$30,245	\$2,733,230
			427,480	155,161	582,641
				232,366	2,878,888
				36,848	2,466,216
<u>108,450</u>	<u>1,086</u>	<u>6,156</u>	<u>2,064,084</u>	<u>454,620</u>	<u>8,660,975</u>
					7,215,063
		772,859	690,000	410,604	10,332,120
				63,980	1,837,829
<u>278,733</u>	<u>15,750</u>	<u>140,047</u>	<u>973,390</u>	<u>673,557</u>	<u>4,377,525</u>
<u>278,733</u>	<u>15,750</u>	<u>912,906</u>	<u>1,663,390</u>	<u>1,148,141</u>	<u>23,762,537</u>
				1,796	3,547,030
		1,476,922			1,476,922
923,043					923,043
				766,998	766,998
				221,348	221,348
				31,904	31,904
				2,435,943	2,435,943
				8,678	144,616
	1,192,816			15,576	5,317,124
			1,523,560		3,315,025
			496,021	949,381	3,971,820
					2,119,688
			13,617,656	30,434	13,866,685
					2,640,586
					721,334
					364,840
				(42,953)	50,853,386
<u>923,043</u>	<u>1,192,816</u>	<u>1,476,922</u>	<u>15,637,237</u>	<u>4,419,105</u>	<u>92,718,292</u>
<u>\$1,310,226</u>	<u>\$1,209,652</u>	<u>\$2,395,984</u>	<u>\$19,364,711</u>	<u>\$6,021,866</u>	<u>\$125,141,804</u>



CITY OF KETTERING

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2023

Total Governmental Fund Balance		\$92,718,292
Amounts reported for governmental activities in the Statement of Net Position (page 12) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		192,514,898
Other noncurrent assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Income taxes receivable	7,215,063	
Delinquent property taxes receivable	504,000	
Grants and other taxes receivable	3,906,525	
		11,625,588
Internal service funds are used by management to charge the costs of certain activities. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		5,226,032
The following noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and notes payable	(21,478,965)	
Vacation and sick leave benefits	(5,361,579)	
Accrued interest on bonds payable	(48,134)	
		(26,888,678)
The net pension/OPEB assets and liabilities are not due and payable in the current period. Therefore, the assets/liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Net pension and OPEB liability	(106,242,814)	
Deferred outflows - pension and OPEB	41,688,076	
Deferred inflows - pension and OPEB	(10,599,944)	
		(75,154,682)
Net Position of Governmental Activities		<u>\$200,041,450</u>

See accompanying notes to the basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Major		Special
		Street Maintenance	Parks, Recreation & Cultural Arts	Fraze Pavilion
REVENUES				
Income taxes	\$55,355,011			
Property taxes	6,903,672			
Payments in lieu of taxes				
Licenses and permits	729,480	18,400		
Intergovernmental revenue	2,036,224	3,560,293	37,834	
Charges for services	121,698		3,180,695	3,035,504
Fines, forfeits and settlements	1,082,309			
Investment earnings	3,630,041			
Special assessments	419,264			
Refunds and reimbursements	2,468,085	195,863	40,740	9,263
Miscellaneous	207,908	11,924	95,181	511,326
Total revenues	<u>72,953,692</u>	<u>3,786,480</u>	<u>3,354,450</u>	<u>3,556,093</u>
EXPENDITURES				
Current:				
General government	14,970,422			
Police	16,868,429			
Fire	16,537,232			
Public works	3,035,030	7,166,201		
Leisure services			11,396,644	3,881,485
Capital improvements				
Debt service:				
Principal				
Interest				
Total expenditures	<u>51,411,113</u>	<u>7,166,201</u>	<u>11,396,644</u>	<u>3,881,485</u>
Excess (deficiency) of revenues over expenditures	<u>21,542,579</u>	<u>(3,379,721)</u>	<u>(8,042,194)</u>	<u>(325,392)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		3,395,500	7,837,500	
Transfers out	(21,013,334)			
Sale of city assets	34,646	113,089	38,623	
Total Other Financing Sources (Uses)	<u>(20,978,688)</u>	<u>3,508,589</u>	<u>7,876,123</u>	<u>0</u>
Net change in fund balance	563,891	128,868	(166,071)	(325,392)
Fund balances--beginning	64,126,401	1,668,863	293,169	2,779,440
Fund balances--ending	<u>\$64,690,292</u>	<u>\$1,797,731</u>	<u>\$127,098</u>	<u>\$2,454,048</u>

See accompanying notes to the basic financial statements.



Revenue Funds				Other	Total
Community Development	Emergency Medical	Debt Service	Capital Projects	Special Revenue Governmental Funds	Governmental Funds
					\$55,355,011
		763,843		363,734	8,031,249
			496,089		496,089
					747,880
835,441		101,597	4,006,307	3,666,362	14,244,058
	273,668	1,550,785		18,688	8,181,038
				501,995	1,584,304
6,684	47,930	75,823	701,000	161,474	4,622,952
			557,142		976,406
		40,000	138,290		2,892,241
1,063				49,231	876,633
<u>843,188</u>	<u>321,598</u>	<u>2,532,048</u>	<u>5,898,828</u>	<u>4,761,484</u>	<u>98,007,861</u>
1,018,691		75,096		3,239,303	19,303,512
				2,104,999	18,973,428
	13,252			3,720	16,554,204
				138,301	10,339,532
				14,097	15,292,226
110,354			17,750,791	314,552	18,175,697
		2,183,180			2,183,180
		622,105			622,105
<u>1,129,045</u>	<u>13,252</u>	<u>2,880,381</u>	<u>17,750,791</u>	<u>5,814,972</u>	<u>101,443,884</u>
<u>(285,857)</u>	<u>308,346</u>	<u>(348,333)</u>	<u>(11,851,963)</u>	<u>(1,053,488)</u>	<u>(3,436,023)</u>
		851,222	7,363,531	1,565,581	21,013,334
					(21,013,334)
					186,358
<u>0</u>	<u>0</u>	<u>851,222</u>	<u>7,363,531</u>	<u>1,565,581</u>	<u>186,358</u>
<u>(285,857)</u>	<u>308,346</u>	<u>502,889</u>	<u>(4,488,432)</u>	<u>512,093</u>	<u>(3,249,665)</u>
<u>1,208,900</u>	<u>884,470</u>	<u>974,033</u>	<u>20,125,669</u>	<u>3,907,012</u>	<u>95,967,957</u>
<u>\$923,043</u>	<u>\$1,192,816</u>	<u>\$1,476,922</u>	<u>\$15,637,237</u>	<u>\$4,419,105</u>	<u>\$92,718,292</u>

## Net change in Fund Balance - Governmental Funds

(\$3,249,665)

Amounts reported for governmental activities in the Statement of Activities (page 13) are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets.	Capital outlays	18,625,852
	Depreciation expense	(11,738,387)

In the Statement of Activities, only the gain on the sale of city assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. The change in net position differ from the change in fund balance by the book value of the asset sold. (75,731)

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

Income taxes receivable	1,829,410
Delinquent property taxes receivable	504,000
Grants receivable	1,097,321

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases noncurrent liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces noncurrent liabilities in the Statement of Net Position. This amount is the net effect of these differences in the treatment of long-term debt. 2,183,179

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

Vacation and sick leave benefits	(217,588)
Interest payable	4,350
Amortization of Bond Premium	45,962
Pension and OPEB	(3,467,226)

Internal service funds are used by management to charge the costs of certain activities, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (See page 21)

251,691

Change in Net Position on the Statement of Activities

\$5,793,168

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2023

	Governmental Activities- Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Pooled cash and investments	\$7,639,541
Accounts receivable	33,688
Prepaid items	22,642
Inventory	327,746
Total current assets	<u>8,023,617</u>
Noncurrent Assets:	
Capital assets:	
Buildings and improvements	963,866
Machinery and equipment	3,462,772
Less: Accumulated depreciation	<u>(3,122,369)</u>
Total noncurrent assets	<u>1,304,269</u>
Total assets	<u>9,327,886</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension and OPEB	<u>2,154,474</u>
Total deferred outflows	<u>2,154,474</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	155,129
Accrued payroll	181,570
Accrued health claims	928,655
Total current liabilities	<u>1,265,354</u>
Noncurrent liabilities:	
Accrued vacation and sick benefits due within one year	224,291
Accrued vacation and sick benefits due within more than one year	110,472
Net pension and OPEB liability	<u>4,619,316</u>
Total noncurrent liabilities	<u>4,954,079</u>
Total liabilities	<u>6,219,433</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension and OPEB	<u>36,895</u>
Total deferred inflows	<u>36,895</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,289,466
Unrestricted	3,936,566
Total net position	<u>\$5,226,032</u>

See accompanying notes to the basic financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Governmental Activities- Internal Service Funds
OPERATING REVENUES	
Charges for services	<u>\$15,829,669</u>
Total operating revenues	<u>15,829,669</u>
OPERATING EXPENSES	
Personal services	3,585,969
Repairs and maintenance	1,560,814
Contractual services	10,101,209
Other materials and expenses	452,585
Depreciation	<u>268,653</u>
Total operating expenses	<u>15,969,230</u>
Operating income (loss)	<u>(139,561)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>391,252</u>
Change in net position	251,691
Total net position--beginning	<u>4,974,341</u>
Total net position--ending	<u><u>\$5,226,032</u></u>

See accompanying notes to the basic financial statements.

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 Increase (Decrease) in cash**

	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for services	\$15,881,768
Cash paid to suppliers for goods or services	(12,093,428)
Cash paid to employees for services	(3,847,042)
Net cash provided (used) by operating activities	<u>(58,702)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(333,624)
Sale of capital assets	26,705
Net cash provided (used) by capital and related financing activities	<u>(306,919)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings	391,252
Net cash provided (used) by investing activities	<u>391,252</u>
Net increase (decrease) in cash	25,631
Cash at beginning of year	7,613,910
Cash at end of year	<u><u>\$7,639,541</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	(\$139,561)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	268,653
(Increase) decrease in receivables	73,975
(Increase) decrease in prepaids	22
(Increase) decrease in inventories	(54,443)
(Increase) decrease in deferred outflows - pension and OPEB	(1,581,442)
Increase (decrease) in accounts payable	12,261
Increase (decrease) in accrued payroll	822
Increase (decrease) in accrued health claims	63,340
Increase (decrease) in accrued vacation and sick benefits	(139,915)
Increase (decrease) in net pension and OPEB liability	3,778,955
Increase (decrease) in deferred inflows - pension and OPEB	(2,319,493)
Net increase (decrease) in other operating net position	<u>(21,876)</u>
Net cash provided (used) by operating activities	<u><u>(\$58,702)</u></u>

See accompanying notes to the basic financial statements.

**FIDUCIARY FUNDS**

**STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2023**

	Deceased Police Dependents Private Purpose Trust	Custodial Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Pooled cash and investments	\$104,568	\$8,087
Investments with fiscal agent, at fair value:		
Other investments		173,183
Total assets	<u>104,568</u>	<u>181,270</u>
<b>LIABILITIES</b>		
Accounts payable		
Total liabilities	<u>0</u>	<u>0</u>
<b>NET POSITION</b>		
Restricted for:		
Scholarships	104,568	
Individuals, organizations, and other governments		181,270
Total net position	<u>\$104,568</u>	<u>\$181,270</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Deceased Police Dependents Private Purpose Trust	Custodial Funds
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Investment earnings	\$4,754	
Moneys held for others		\$584
Court receipts		1,849,685
Total additions	<u>4,754</u>	<u>1,850,269</u>
<b>DEDUCTIONS</b>		
Municipal court disbursements		1,828,170
Miscellaneous payments		900
Total deductions		<u>1,829,070</u>
Change in net position	4,754	21,199
Net position--beginning of year	99,814	160,071
Net position--end of year	<u>\$104,568</u>	<u>\$181,270</u>

See accompanying notes to the basic financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## A. Reporting Entity

The City of Kettering, Ohio, (the “City”) is a home rule municipal corporation under the laws of the State of Ohio and operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1955 and has subsequently been amended.

The City provides various services including police and fire protection, parks, recreation, street maintenance, planning, zoning and other general government services. The City does not maintain any utility or other operations that would require the establishment of enterprise funds.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

## B. Basis of Presentation

*Government-Wide Statements:* The statement of net position and the statement of activities display information about the primary government, except for its fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. The City has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or a function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the City’s funds, including fiduciary. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

**General Fund** – This fund is the general operating fund of the City. It should be used to account for and report all financial resources not accounted for and reported in another fund.

**Street Maintenance Fund** – This fund accounts for the portion of gasoline tax and motor vehicle license fees restricted, committed, or assigned for maintenance of streets.

**Parks, Recreation & Cultural Arts Fund** – This fund accounts for money restricted, committed, or assigned for the Parks, Recreation & Cultural Arts department programs and activities. Sources of revenue include

admissions, registrations, instructional fees, concessions, grants, and sponsorships as well as rentals of parks, recreation, and cultural arts facilities.

**Fraze Pavilion Fund** – This fund accounts for moneys restricted, committed, or assigned for the Fraze Pavilion amphitheater operations. Sources of revenue include admissions, concessions, grants, sponsorships, and rental of Fraze Pavilion facilities.

**Community Development Fund** - This fund accounts for grants received from the Department of Housing and Urban Development (HUD). Grants are restricted for various purposes designated by HUD.

**Emergency Medical Fund** – This fund accounts for revenues received for emergency medical services. The revenues are committed or assigned for expenditure on fire equipment or structures.

**Debt Service Fund** – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**Capital Projects Fund** – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds).

Additionally, the City reports the following fund types:

**Internal Service Funds** – The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments on a cost-reimbursement basis. These goods and services include computer services, vehicle maintenance, office supplies, postage, printing services, building maintenance and health insurance. The City has no unbilled service receivables at year end.

**Private Purpose Trust Fund** – This fund reports a trust arrangement under which principal and income are used for the education of dependents of deceased police officers.

**Custodial Funds** – These funds account for assets held by the City for the benefit of other governments, organizations, or individuals. They include moneys collected by the municipal court and other miscellaneous activities.

### C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-wide, proprietary and fiduciary fund financial statements measure and report all assets (both financial and capital), liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. For fiduciary activities other than defined benefit pension and other postemployment benefit plans, a liability to the beneficiaries of a fiduciary activity should be recognized in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

All governmental funds are accounted for using a current financial resources measurement focus and are reported on a modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which, for the City’s purposes, is considered to be 30 days after year end. Revenues considered susceptible to accrual are community development block grants, delinquent property taxes, income taxes, and interest on investments. Property taxes levied before year-end are not recognized as revenue until

the next calendar year. The fiscal period for which property taxes are levied at year-end in the State of Ohio is the succeeding calendar year.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for interest on unmatured general long-term debt, and on special assessment indebtedness collateralized by special assessment levies, which are recognized when due. Inventory and prepaid expenditures are recorded in the governmental fund types and charged as expenditures when used. A portion of the fund balance is classified as nonspendable in governmental funds for the amount of inventory and prepaid expenditures. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure is incurred for purposes for which amounts in any unrestricted fund balance classification could be used it is the government's policy to use assigned resources first, committed resources second, and then unassigned amounts as they are needed.

#### D. Pooled Cash and Investments and Investment with Fiscal Agent

All investments are stated at fair value, which are based on quoted market prices.

#### E. Inventory

Inventory is valued at cost (specific identification method in the internal service funds and FIFO (first-in, first-out) method in the special revenue funds.) Inventories are recorded as expenses/expenditures when used.

#### F. Lease Receivable

Lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

#### G. Capital Assets

Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment, infrastructure and all other assets that are used in operations and that have initial useful lives expending beyond a single reporting period. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges and drainage systems.

All capital assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. The City capitalizes all assets with a cost of \$10,000 or greater (\$5,000 or greater for federal funded assets) and a useful life of at least two years. The City has capitalized all infrastructure acquired after January 1, 1980. Capital assets are recorded as expenditures of the current period in the government fund financial statements.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Machinery and Equipment	3-20 years
Buildings and Improvements	15-30 years
Infrastructure	20-40 years



## H. Interfund Transactions and Transfers

During the course of normal operations, the City has numerous transactions among funds, most of which are in the form of transfers used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The accompanying financial statements generally reflect such transactions as transfers, with the exception of the internal service funds which are used to account for various supplies and services which are then charged back to the appropriate fund on an “as used” basis. The internal service funds record such charges as operating revenues; all other City funds record payments to the internal service funds as operating expenditures.

## I. Fund Balance Classifications

Fund balance is reported as nonspendable for 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 year-end balance of the long-term receivables in excess of the deferred inflow of resources, such as the lease receivable reported in the General fund and the opioid receivable reported in the Other Special Revenue Governmental funds.

Fund balance is reported as restricted when constraints placed on the use of resources are either: a. externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b. imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the City Council enacts legislation requiring specific revenues to be used for a specific purpose. The City Council can modify or rescind that legislation at any time through additional legislation.

Fund balance is reported as assigned when a revenue source is not previously restricted or committed but the Finance Director determines, in the Director’s professional opinion, that the assigning of the revenue is the desire or direction of City Council. This authority is given to the Finance Director through ordinance passed by City Council.

## J. Grants and Other Intergovernmental Revenues

All reimbursement-type grants are recorded as intergovernmental receivables and revenues or deferred inflows of resources when the related expenditures are incurred.

## K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset and liability, 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.

## L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for OPEB and for pension. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include income taxes, property taxes, grants and other taxes (which includes tax incremental financing ‘TIF’), leases, Opioid settlement, pension, and

OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants have been recorded as deferred inflows on the governmental fund financial statements. Other taxes (TIFs) and leases have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 10 and 11.

#### M. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 2. POOLED CASH AND INVESTMENTS

The City maintains a cash and investments pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the Fund Balance Sheets as "Pooled cash and investments." Cash and cash equivalents in the internal service funds consist of cash and money market funds, which can be withdrawn without prior notice or penalty.

Deposits: At year-end, the City's bank balance was \$2,102,438. Of this amount, \$705,599 was insured; the remaining \$1,396,839 was collateralized through participation in the Ohio Pooled Collateral System (OPCS). 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. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System, 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. The City has no deposit policy for custodial credit risk beyond the requirements of State statute.

Investments: All investments are reported at fair value, which is based on quoted market prices. The City's investment policy authorizes investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated, when purchased, A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, corporate bonds rated, when purchased, A or better by Standard & Poors Corporation or Moody's Bond Rating, bankers acceptances issued by banks ranked nationally as being in the top 50 in asset and deposit size, repurchase and reverse repurchase agreements, money market mutual funds whose portfolio consists of authorized investments, and the state treasurer's investment pool (STAR Ohio). The policy states that no more than 20% of the City's investment portfolio will be placed with any particular issuer, and unless matched to a specific cash flow requirement, the City will not invest in securities maturing more than five years from the date of purchase. It has been the City's practice to invest in securities maturing no more than three years from the date of purchase, and to hold all investments until maturity. The City has no investment policy for custodial credit risk.

The City's investments in corporate bonds and U.S. Treasury/Agency Notes, listed below, are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. On December 31, the City held \$8,688,839 in U.S. Treasury Notes and \$5,643,845 in corporate bonds issued by Morgan Stanley, representing 8.8% and 5.7% of total pooled cash and investments, respectively. At year-end, \$1,720,757 of the securities in the corporate bond category are rated "BAA1" and all the remaining securities are rated "A" or better. STAR Ohio is not registered with the SEC as an investment company, but has adopted 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 a NAV per share that approximates fair value. STAR Ohio carries a rating of AAAM. All other investment types are unrated.

As of December 31, 2023 the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less than 1</u>	<u>1-3</u>	<u>3-5</u>
Corporate Bonds	\$76,644,302	\$57,057,911	\$19,586,391	
U.S. Treasury Notes	8,688,839	6,762,239	1,926,600	
FHLB Notes	1,202,373	1,202,373		
FHLMC Notes	1,997,440		1,997,440	
FNMA Notes	491,660	491,660		
STAR Ohio	8,051,694	8,051,694		
Total	<u>\$97,076,308</u>	<u>\$73,565,877</u>	<u>\$23,510,431</u>	<u>\$0</u>

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

The City has the following recurring fair value measurements as of December 31, 2023:

- Corporate bonds and U.S. Treasury/Agency Notes totaling \$89,024,614 are valued using a matrix pricing model (Level 2 inputs)
- Pooled investment funds (STAR Ohio) of \$8,051,694 are measured at net asset value (NAV).

### 3. INCOME TAXES

The City levies a 2.25% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City, however; a credit is allowed for income taxes paid to other municipalities.

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

### 4. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property taxes are levied each December 31 on the assessed value listed as of the prior December 31. Assessed values are established for real property at 35% of true value. Property market values are required to be updated every three years and revalued every six years. A revaluation was completed in 2020 and triennial update in 2023.

The property tax calendar is as follows:

Levy date	December 31, 2022
Lien date	December 31, 2022
Tax bill mailed	January 20, 2023
First installment payment due	February 15, 2023
Second installment payment due	July 15, 2023

The assessed values for the City at December 31, 2022 were as follows:

	<b>Assessed Value</b>
	<b>Category</b>
Real Estate	\$1,308,201,180
Public Utility Real Property	12,270
Public Utility Personal Property	32,991,190
Total	<u>\$1,341,204,640</u>

The County Treasurer collects property taxes on behalf of all taxing districts including the City of Kettering. The County periodically remits to the City its portion of taxes collected. Property taxes may be paid on either an annual or semiannual basis.

#### 5. LOANS RECEIVABLE

The City used a portion of the Federal Community Development Block Grant (CDBG) to provide low interest loans for housing rehabilitation, as well as for economic and job development. The loans are payable in installments to 2048. Fund balance has been classified as restricted for the loans receivable at December 31, 2023. CDBG regulations require the City to reinvest loan repayments in permissible CDBG loans or expenditures.

#### 6. LEASE RECEIVABLE

In July 2004, the City entered into a lease with a tenant for property to construct and operate a cell tower and communication facility. Effective September 2019, a lease amendment provided the tenant pays the City \$2,691.95 a month with a 3% annual rent increase each September through the end of the lease. The tenant has options to renew for two additional five-year terms and three additional ten-year terms ending August 2064. In addition, the tenant sublets the premises and makes an additional variable payment of 50% of gross rental monies received for all subleases. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discounted rate of 1.75%, which is the City's estimated internal rate of return.

In November 2019, the City entered into a lease at the Kettering Business Park with a tenant for office and warehouse space for \$3,000 a quarter with options to renew for five additional one year terms ending October 2029. The lease receivable is measured at the present value of the future minimum lease payments expected to be received during the lease term at a discounted rate of 2%, which is the City's incremental borrowing rate.

In fiscal year 2023, the City recognized \$54,744 of lease revenue and \$35,759 of interest revenue. In addition, the City recognized \$43,916 in variable rental revenue, not included in expected future minimum lease payments, equal to 50% of the tenant's reported gross sublease revenue during the year.

## 7. INTERFUND TRANSFERS

All transfers for 2023 were out of the General Fund and into all other funds as listed on the face of the Statement of Revenues, Expenditures, and Changes in Fund Balances.

## 8. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$10,612,917			\$10,612,917
Right of Way	716,211	\$15,331		731,542
Construction in progress		1,753,082		1,753,082
Subtotal	<u>11,329,128</u>	<u>1,768,413</u>	<u>0</u>	<u>13,097,541</u>
Capital assets being depreciated:				
Buildings and improvements	95,378,819	\$4,872,104	(\$16,405)	100,234,518
Machinery and equipment	24,294,165	1,953,796	(833,634)	25,414,327
Infrastructure	236,135,377	10,365,064	(4,319,429)	242,181,012
Subtotal	<u>355,808,361</u>	<u>17,190,964</u>	<u>(5,169,468)</u>	<u>367,829,857</u>
Accumulated depreciation:				
Buildings and improvements	(51,323,265)	(2,836,016)	16,405	(54,142,876)
Machinery and equipment	(16,885,775)	(1,600,773)	753,173	(17,733,375)
Infrastructure	(111,981,158)	(7,570,251)	4,319,429	(115,231,980)
Subtotal	<u>(180,190,198)</u>	<u>(12,007,040)*</u>	<u>5,089,007</u>	<u>(187,108,231)</u>
Net capital assets being depreciated	<u>175,618,163</u>	<u>5,183,924</u>	<u>(80,461)</u>	<u>180,721,626</u>
Net capital assets	<u>\$186,947,291</u>	<u>\$6,952,337</u>	<u>(\$80,461)</u>	<u>\$193,819,167</u>

\*Depreciation expense was charged to governmental functions as follows:

General government	\$668,886
Police	472,313
Fire	1,271,777
Public works	7,477,161
Leisure services	1,848,250
In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets.	<u>268,653</u>
Total depreciation expense	<u>\$12,007,040</u>

## 9. RISK MANAGEMENT

The City is a member of a public entity risk pool, Miami Valley Risk Management Association, Inc. (MVRMA) with twenty other local cities. This pool covers all property, crime, liability, boiler and machinery, and public official liability up to the limits stated below.

Insurance coverage is as follows:

**Property** – \$1,000,000,000 per occurrence  
**Crime** - \$2,000,000 per occurrence  
**Liability** - \$12,000,000 per occurrence  
**Boiler & Machinery** - \$100,000,000 per occurrence  
**Public Official Liability** - \$12,000,000 per occurrence  
**Cyber Liability** - \$5,000,000 per occurrence

The deductible per occurrence for all types is \$2,500. Pool coverage is \$2,501 - \$500,000 for boiler and machinery, \$2,501 - \$50,000 per loss for crime, \$2,501 - \$250,000 for property, and \$2,501 - \$500,000 for liability. Excess insurance coverage, provided by commercial companies, is the amount in excess of pool coverage to the limits stated above. The City pays an annual premium to MVRMA that is intended to cover administrative expenses and any claims covered by the pool. MVRMA has the ability to require the member cities to make supplemental payments in the event reserves are not adequate to cover claims.

There were no other significant changes in the above insurance coverages from the prior year in any category of risk. Insurance coverage for each of the past three years was sufficient to cover any claims settlements.

Workers' compensation is administered by the State of Ohio. The City pays a premium per employee to the State for this coverage.

Employee health insurance is provided through a self-insured plan and is accounted for and financed through an internal service fund. The City has purchased commercial stop-loss insurance for individual claims over \$225,000 and annual aggregate claims in excess of 120% of the expected total claims for the year. The health insurance claim liability of \$928,655 recorded at year-end was calculated by the City's health care broker based on the City's claims experience over the past twelve months.

	Beginning of Year Liability	Current Year Claims & Changes in Estimate	Claim Payments	Balance at Year-End
2022	\$750,634	\$7,043,291	\$6,928,610	\$865,315
2023	865,315	6,756,632	6,693,292	928,655

#### 10. DEFINED BENEFIT PENSION PLANS

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

##### NET PENSION LIABILITY/NET OPEB LIABILITY (ASSET)

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

The net pension liability 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 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 include 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 may pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio

Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

#### PLAN DESCRIPTION – OHIO PUBLIC EMPLOYERS RETIREMENT SYSTEM (OPERS)

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

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

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

<u>Group A</u> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<u>Group B</u> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<u>Group C</u> Members not in other Groups and members hired on or after January 7, 2013
<u>State and Local</u>	<u>State and Local</u>	<u>State and Local</u>
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
<u>Public Safety</u>	<u>Public Safety</u>	<u>Public Safety</u>
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Law Enforcement</u>	<u>Law Enforcement</u>	<u>Law Enforcement</u>
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>	<u>Public Safety and Law Enforcement</u>
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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 vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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

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



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

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2023 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2023 Actual Contribution Rates			
Employer:			
Pension ****	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits (d)	<u>0.0 %</u>	<u>0.0 %</u>	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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

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

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

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

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

For 2023, the City's contractually required contribution was \$3,286,441. Of this amount, \$260,306 is reported in accrued wages and benefits.

#### 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](http://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. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for

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

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

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

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

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 1<sup>st</sup> of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$4,147,084 for 2023. Of this amount, \$320,448 is reported as accrued wages and benefits.

#### PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022 to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. The following is information related to the proportionate share of the City's defined benefit pension plans:

	OPERS		
	<u>Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net Pension Liability	\$41,320,318	\$63,847,146	\$105,167,464
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13987900%	0.67214380%	
Prior Measurement Date	0.13865800%	0.70185250%	
Change in Proportionate Share	<u>0.00122100%</u>	<u>-0.02970870%</u>	
Pension Expense	\$4,947,459	\$7,854,114	\$12,801,573

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS		
	<u>Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$1,372,488	\$957,679	\$2,330,167
Changes in assumptions	436,520	5,758,793	6,195,313
Net difference between projected and actual earnings on pension plan investments	11,777,588	9,295,360	21,072,948
Changes in employer proportionate share of net pension liability	128,926	351,358	480,284
Contributions subsequent to the measurement date	3,286,441	4,147,084	7,433,525
Total Deferred Outflows of Resources	<u>\$17,001,963</u>	<u>\$20,510,274</u>	<u>\$37,512,237</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$0	\$1,454,625	\$1,454,625
Changes in assumptions	0	1,245,001	1,245,001
Changes in employer proportionate share of net pension liability	30,347	2,246,678	2,277,025
Total Deferred Inflows of Resources	<u>\$30,347</u>	<u>\$4,946,304</u>	<u>\$4,976,651</u>

\$7,433,525 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending	OPERS		
December 31:	<u>Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
2024	\$1,655,986	\$1,008,741	\$2,664,727
2025	2,792,987	2,736,293	5,529,280
2026	3,466,718	3,142,589	6,609,307
2027	5,769,484	4,948,538	10,718,022
2028	0	(419,275)	(419,275)
Total	<u>\$13,685,175</u>	<u>\$11,416,886</u>	<u>\$25,102,061</u>

## ACTUARIAL ASSUMPTIONS – OPERS

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

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

	OPERS Traditional Plan
Wage Inflation	2.75%
Future Salary Increases, including inflation	2.75% to 10.75% including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00%, simple
Post-January 7, 2013 Retirees	3.0%, simple through 2022, then 2.05%, simple
Investment Rate of Return	6.90%
Actuarial Cost Method	Individual Entry Age

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional 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 the return is considered to be the same for all plans within the profile. 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 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

**Discount Rate** The discount rate used to measure the total pension liability was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.9 percent) or one percentage point higher (7.9 percent) than the current rate:

	1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension liability	\$61,896,458	\$41,320,318	\$24,204,662

#### ACTUARIAL ASSUMPTIONS – OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	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% simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

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

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below.

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

Note: Assumptions are geometric

\* levered 2.5x

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability:	\$84,226,704	\$63,847,146	\$46,905,617

## 11. POSTEMPLOYMENT BENEFITS

See note 10 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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

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

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

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

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

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

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

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

**Group C** - 32 years of qualifying service credit and minimum age 55; or,

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

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

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

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

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must



enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The 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.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members 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 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2023.

#### 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 healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly

reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$97,746 for 2023. Of this amount, \$7,559 is reported as accrued wages and benefits.

#### NET OPEB LIABILITY

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022 to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. The following is information related to the proportionate share:

	OPERS		
	<u>Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$909,196	\$4,785,470	5,694,666
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.14419800%	0.67214380%	
Prior Measurement Date	<u>0.14360500%</u>	<u>0.70185250%</u>	
Change in Proportionate Share	<u>0.00059300%</u>	<u>-0.02970870%</u>	
OPEB Expense	(\$2,412,068)	\$487,010	(\$1,925,058)

At December 31, 2023, reported deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	OPERS		
	<u>Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience		\$285,567	\$285,567
Changes in assumptions	\$888,033	2,384,815	3,272,848
Net difference between projected and actual earnings on pension plan investments	1,805,695	410,450	2,216,145
Changes in employer proportionate share of net OPEB liability	380	457,627	458,007
Contributions subsequent to the measurement date		<u>97,746</u>	<u>97,746</u>
Total Deferred Outflows of Resources	<u>\$2,694,108</u>	<u>\$3,636,205</u>	<u>\$6,330,313</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$226,789	\$943,598	\$1,170,387
Changes in assumptions	73,070	3,914,124	3,987,194
Changes in employer proportionate share of net OPEB liability	7,086	495,521	502,607
Total Deferred Inflows of Resources	<u>\$306,945</u>	<u>\$5,353,243</u>	<u>\$5,660,188</u>

\$97,746 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	OPERS		
December 31:	<u>Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
2024	\$291,281	\$23,317	\$314,598
2025	660,507	23,525	684,032
2026	563,074	(248,686)	314,388
2027	872,301	(150,204)	722,097
2028	0	(438,201)	(438,201)
Thereafter	<u>0</u>	<u>(1,024,535)</u>	<u>(1,024,535)</u>
Total	<u>\$2,387,163</u>	<u>(\$1,814,784)</u>	<u>\$572,379</u>

#### ACTUARIAL ASSUMPTIONS – OPERS

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

Projections of 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 actual valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75%
Projected Salary Increases, including inflation	2.75% to 10.75%
Single Discount Rate	5.22%
Prior Year Single Discount Rate	6.00%
Investment Rate of Return	6.00%
Municipal Bond Rate	4.05%
Prior Year Municipal Bond Rate	1.84%
Health Care Cost Trend Rate	5.50%, initial 3.50%, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year base on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34%	2.56%
Domestic Equities	26%	4.60%
Real Estate Investment Trust	7%	4.70%
International Equities	25%	5.51%
Risk Parity	2%	4.37%
Other investments	6%	1.84%
Total	100%	

**Discount Rate** A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. However, the single discount rate used at the beginning of the year was 6.0 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance the health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054 and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.22 percent) or one percentage point higher (6.22 percent) than the current rate:

	1% Decrease 4.22	Current Discount Rate 5.22%	1% Increase 6.22
Proportionate share of the net OPEB liability (asset)	\$3,094,489	\$909,196	(\$894,028)

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Proportionate share of the net OPEB liability	\$852,210	\$909,196	\$973,337

#### ACTUARIAL ASSUMPTIONS – OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Blended discount rate:	
Current measurement date	4.27%
Prior measurement date	2.84%
Cost of Living Adjustments	2.20% Simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

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

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

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

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

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

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

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

Note: Assumptions are geometric

\* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Proportionate share of the net OPEB liability	\$5,892,856	\$4,785,470	\$3,850,550

**Sensitivity of the 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.

## 12. CONSTRUCTION COMMITMENTS

Significant commitments and encumbrances at December 31, 2023 included:

Capital Projects Fund \$2,981,000

## 13. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2023, was as follows:



	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>General Obligation Bonds:</b>					
Court Facility Refunding, 1% - 4%	\$520,000		\$255,000	\$265,000	\$265,000
Court Facility premium	15,654		7,827	7,827	
Recreation & Parks Improvements					
Refunding, 2% - 3%	4,715,000		740,000	3,975,000	760,000
Recreation & Parks premium	54,713		9,119	45,594	
Fire Station Improvements, 1% - 4%	10,360,000		720,000	9,640,000	735,000
Fire Station premium	124,213		10,350	113,863	
Police Station Improvements, 2% - 3%	7,245,000		355,000	6,890,000	360,000
Police Station premium	317,311		18,666	298,645	
Total general obligation bonds	<u>23,351,891</u>	<u>0</u>	<u>2,115,962</u>	<u>21,235,929</u>	<u>2,120,000</u>
<b>Net Pension Liability:</b>					
OPERS	12,063,807	29,256,511		41,320,318	
OP&F	<u>43,847,684</u>	<u>19,999,462</u>		<u>63,847,146</u>	
Total net pension liability	<u>55,911,491</u>	<u>49,255,973</u>	<u>0</u>	<u>105,167,464</u>	
<b>Net OPEB Liability:</b>					
OPERS		909,196		909,196	
OP&F	<u>7,692,907</u>		<u>2,907,437</u>	<u>4,785,470</u>	
Total net OPEB liability	<u>7,692,907</u>	<u>909,196</u>	<u>2,907,437</u>	<u>5,694,666</u>	
<b>Other:</b>					
Accrued vacation and sick leave benefits	5,618,669	3,819,492	3,741,819	5,696,342	3,816,550
Ohio Public Works Commission Long-Term Notes from Direct Borrowings, 0-3%	<u>356,215</u>		<u>113,179</u>	<u>243,036</u>	<u>24,768</u>
Total other	<u>5,974,884</u>	<u>3,819,492</u>	<u>3,854,998</u>	<u>5,939,378</u>	<u>3,841,318</u>
Total noncurrent liabilities	<u>\$92,931,173</u>	<u>\$53,984,661</u>	<u>\$8,878,397</u>	<u>\$138,037,437</u>	<u>\$5,961,318</u>

All general obligation bonds will be repaid from the debt service fund.

They City's outstanding notes from direct borrowings of \$243,036 contain a provision that in an event of default, the amount of such default shall bear interest thereafter at the rate of 8% per annum until the date of payment, and outstanding amounts become immediately due. Also, the Lender may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the City. Long-term notes from direct borrowings will be repaid from the debt service fund.

The accrued vacation and sick leave benefits liability will be liquidated by several of the City's governmental and internal service funds. In the past, approximately 77% has been paid by the General Fund, 8% by the Street Maintenance Fund, and the remainder by the other governmental and internal service funds. The City uses the "vesting method" to determine the appropriate liability.

There are no repayment schedules for the net pension and OPEB liabilities; however, employer contributions are made from the fund benefiting from the related employees' services. In the past, contributions have been paid primarily by the General Fund and the Street Maintenance Fund, and the remainder by the other governmental and internal service funds. See Notes 10 and 11 for further information related to the net pension and OPEB liabilities.

The annual requirements to pay principal and interest on noncurrent obligations at December 31, 2023, are as follows:

	<b>General Obligation Bonds</b>		<b>Notes from Direct Borrowings</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$2,120,000	\$574,574	\$24,768	\$252
2025	1,905,000	507,158	7,937	
2026	1,965,000	452,922	7,937	
2027	2,015,000	396,768	7,937	
2028	2,075,000	343,446	7,937	
2029-2033	6,790,000	1,052,900	39,685	
2034-2038	3,395,000	228,150	39,685	
2039-2043	505,000	10,100	39,685	
2044-2048			39,685	
2049-2052			27,780	
	<u>\$20,770,000</u>	<u>\$3,566,018</u>	<u>\$243,036</u>	<u>\$252</u>

The Ohio Revised Code (ORC) provides that the total net debt (as defined in the ORC) of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. At December 31, 2023, the City had a legal debt margin for total debt of \$121,067,480 and a legal debt margin for unvoted debt of \$58,027,842.

#### 14. CONTINGENT LIABILITIES

The City is the defendant in various lawsuits and subject to various claims over which litigation has not commenced. Although the outcome of these matters is not presently determinable, in the opinion of the Law Director the resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City participates in several federally assisted programs that are subject to program compliance audits by the grantors or their representatives. A single financial and compliance audit of the city has been completed with no findings for recovery. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would be immaterial.

#### 15. NEGATIVE FUND NET POSITION

The Administrative Operations Internal Service Fund ended the year with a negative net position of \$140,633. This negative net position is a result of the implementation of GASB Statement Nos. 68 and 75. The requirements of GASB 68 and GASB 75 make it unlikely that this fund will ever have a positive fund balance. In addition, the Emergency Rental Assistance Grant Fund ended the year with a negative fund balance of \$42,953 as a result of the grant operating on a reimbursement basis and a receivable is reported at year-end to cover the negative fund balance.

#### 16. OPIOID SETTLEMENT

The City is part of a nationwide settlement currently reaching over \$50 billion and continuing to increase. The settlements reached are to resolve all Opioids litigation brought by states and local political subdivisions against some of the largest pharmaceutical distributors, manufacturers, and pharmacies. The three largest pharmaceuticals combined for a \$21 billion settlement: McKesson, Cardinal Health, and AmerisourceBergen (Distributors). A \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals and its parent

company Johnson & Johnson (Janssen). A \$700 million nationwide settlement with manufacturer Mallinckrodt. The terms of each settlement varies by entity.

The State of Ohio's proceeds from each of these settlements are allocated to local subdivisions in accordance with the OneOhio settlement distribution plan. The City's allocation under the plan is 0.3384%. The following represents the City's actual and anticipated receipts under the terms of each settlement:

Settlement Entity	Expected Total Settlement	Total Annual Installments	Payments Received in 2023	Payments Received Prior to 2023	Discount Rate Applied to Receivable
Distributors	\$ 694,959	18	\$ 61,743	\$ 29,248	2.97%
Janssen	163,967	11	54,727	-	2.63%
Mallinckrodt	49,562	8	14,729	-	4.37%

Due to the long-term nature of these settlements, a discount rate was applied and the receivables are reported at net present value as of December 31, 2023. The net present value of the combined settlement payments is \$488,791, net of an allowance of \$126,875.

Additional national agreements with pharmacies and manufacturers were negotiated during 2023, including Teva, Allergan, CVS, Walgreens, Walmart, Kroger and Purdue Pharma. The Kroger and Purdue Pharma settlements are pending procedural finalization. As of December 31, 2023, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts are reported related to these settlements in the annual comprehensive financial report.

## 17. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For fiscal year 2023, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; and GASB Statement No. 99, *Omnibus 2022*.

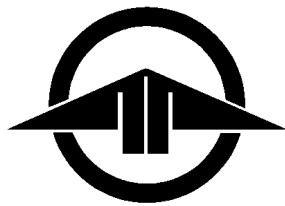
GASB Statement No. 94 provides accounting and financial reporting guidance for public-private partnership arrangements, public-public partnership arrangements, and availability payment arrangements. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements for government end users. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87; provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate; guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48; terminology updates related to certain provisions of GASB Statement No. 63 and No. 53; classification of other derivative instruments within the scope of GASB Statement No. 53; clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94; and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the City, except for clarifications taken into account in reporting the City's lease agreements.

**18. SUBSEQUENT EVENTS**

The City entered into a financed purchase agreement for the purchase of police taser equipment and body camera equipment in the amount of \$1,758,145. The City will receive delivery of the equipment in early 2024, in which the City will report the liability of the total principal amount \$1,623,007 at that time. Annual installment payments of \$324,601 plus 4% interest will be made from the General Fund beginning February 2024 through February 2028.



CITY OF KETTERING

**CITY OF KETTERING, OHIO****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY****OHIO POLICE & FIRE PENSION FUND****LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.67214380%	0.70185250%	0.69590810%	0.71198470%	0.71312700%	0.72455800%	0.68687500%	0.64947800%	0.63480600%	0.63480600%
City's proportionate share of the net pension liability	63,847,146	43,847,684	47,440,680	47,963,093	58,210,006	44,469,396	43,505,973	41,781,375	32,885,567	30,917,014
City's covered payroll	18,228,202	17,858,302	17,026,003	16,808,773	15,989,785	15,497,341	14,880,253	13,848,552	12,775,178	12,749,428
City's proportionate share of the net pension liability as a percentage of its covered payroll	350.27%	245.53%	278.64%	285.35%	364.04%	286.95%	292.37%	301.70%	257.42%	242.50%
Plan fiduciary net position as a percentage of the total pension liability	62.90%	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY****OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM****LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.13987900%	0.13865800%	0.13951300%	0.16244500%	0.14168500%	0.15289300%	0.15278300%	0.15407100%	0.15548300%	0.15548300%
City's proportionate share of the net pension liability	41,320,318	12,063,807	20,658,834	32,108,364	38,804,648	23,985,948	34,694,421	26,624,822	18,704,224	18,316,130
City's covered payroll	21,682,507	20,117,929	19,649,421	21,265,821	22,814,593	22,019,931	21,340,029	21,200,679	20,296,179	19,941,750
City's proportionate share of the net pension liability as a percentage of its covered payroll	190.57%	59.97%	105.14%	150.99%	170.09%	108.93%	162.58%	125.58%	92.16%	91.85%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	

Note - Amounts presented as of the City's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**CITY OF KETTERING, OHIO****REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF CITY CONTRIBUTIONS FOR NET PENSION LIABILITY****OHIO POLICE & FIRE PENSION FUND****LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$4,147,084	\$3,867,899	\$3,788,075	\$3,607,334	\$3,552,214	\$3,413,819	\$3,349,738	\$3,202,381	\$2,958,704	\$2,728,747
Contributions in relation to the contractually required contribution	<u>(4,147,084)</u>	<u>(3,867,899)</u>	<u>(3,788,075)</u>	<u>(3,607,334)</u>	<u>(3,552,214)</u>	<u>(3,413,819)</u>	<u>(3,349,738)</u>	<u>(3,202,381)</u>	<u>(2,958,704)</u>	<u>(2,728,747)</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
City's covered payroll	19,548,786	18,228,202	17,858,302	17,026,003	16,808,773	15,989,785	15,497,341	14,880,253	13,848,552	12,775,178
Contributions as a percentage of covered payroll	21.21%	21.22%	21.21%	21.19%	21.13%	21.35%	21.61%	21.52%	21.36%	21.36%

**SCHEDULE OF CITY CONTRIBUTIONS FOR NET PENSION LIABILITY****OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM****LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$3,286,441	\$3,035,551	\$2,816,510	\$2,750,919	\$2,977,215	\$3,194,043	\$2,862,591	\$2,987,604	\$2,968,095	\$2,841,465
Contributions in relation to the contractually required contribution	<u>(3,286,441)</u>	<u>(3,035,551)</u>	<u>(2,816,510)</u>	<u>(2,750,919)</u>	<u>(2,977,215)</u>	<u>(3,194,043)</u>	<u>(2,862,591)</u>	<u>(2,987,604)</u>	<u>(2,968,095)</u>	<u>(2,841,465)</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
City's covered payroll	23,474,579	21,682,507	20,117,929	19,649,421	21,265,821	22,814,593	22,019,931	21,340,029	21,200,679	20,296,179
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

**CITY OF KETTERING, OHIO****REQUIRED SUPPLEMENTARY INFORMATION**
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY  
 OHIO POLICE AND FIRE PENSION FUND  
 LAST SEVEN FISCAL YEARS <sup>(1)</sup>**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.67214380%	0.70185250%	0.69590810%	0.71198470%	0.71312700%	0.72455800%	0.68687500%
City's proportionate share of the net OPEB liability	4,785,470	7,692,907	7,373,261	7,032,793	6,494,115	41,052,442	32,604,412
City's covered payroll	18,228,202	17,858,302	17,026,003	16,808,773	15,989,785	15,497,341	14,880,253
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	26.25%	43.08%	43.31%	41.84%	40.61%	264.90%	219.11%
Plan fiduciary net position as a percentage of the total OPEB liability	52.59%	46.90%	45.42%	47.10%	46.57%	14.13%	

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST SEVEN FISCAL YEARS <sup>(1)</sup>**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.14419800%	0.14360500%	0.14482900%	0.16817200%	0.14506900%	0.15546000%	0.15440890%
City's proportionate share of the net OPEB liability (asset)	909,196	(4,497,928)	(2,580,243)	23,228,922	18,913,573	16,881,810	15,595,837
City's covered payroll	21,682,507	20,117,929	19,649,421	21,265,821	22,814,593	22,019,931	21,340,029
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	4.19%	-22.36%	-13.13%	109.23%	82.90%	76.67%	73.08%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note - Amounts presented as of the City's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.



## CITY OF KETTERING, OHIO

### REQUIRED SUPPLEMENTARY INFORMATION

#### SCHEDULE OF CITY CONTRIBUTIONS TO POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

##### OHIO POLICE & FIRE PENSION FUND

##### LAST EIGHT FISCAL YEARS <sup>(1)</sup>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution to OPEB	\$97,746	\$91,141	\$89,292	\$85,130	\$84,044	\$80,841	\$77,520	\$75,242
Contributions to OPEB in relation to the contractually required contribution	<u>(97,746)</u>	<u>(91,141)</u>	<u>(89,292)</u>	<u>(85,130)</u>	<u>(84,044)</u>	<u>(80,841)</u>	<u>(77,520)</u>	<u>(75,242)</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
City's covered payroll	19,548,786	18,228,202	17,858,302	17,026,003	16,808,773	15,989,785	15,497,341	14,880,253
Contributions to OPEB as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.51%	0.50%	0.51%

#### SCHEDULE OF CITY CONTRIBUTIONS TO POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

##### OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

##### LAST EIGHT FISCAL YEARS <sup>(1)</sup>

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution to OPEB	\$0	\$0	\$0	\$0	\$0	\$0	\$251,825	\$426,630
Contributions to OPEB in relation to the contractually required contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(251,825)</u>	<u>(426,630)</u>
Contribution deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
City's covered payroll	23,474,579	21,682,507	20,117,929	19,649,421	21,265,821	22,814,593	22,019,931	21,340,029
Contributions to OPEB as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.14%	2.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$64,126,401	\$64,126,401	\$64,126,401	
Resources (inflows)				
Income taxes	54,322,000	54,322,000	55,355,011	\$1,033,011
Property taxes	6,873,000	6,902,000	6,903,672	1,672
Licenses and permits	575,000	637,000	729,480	92,480
Intergovernmental revenue	2,231,000	2,054,000	2,036,224	(17,776)
Charges for services	115,000	105,000	121,698	16,698
Fines and forfeits	1,156,000	1,154,000	1,082,309	(71,691)
Investment earnings	925,000	2,880,000	3,630,041	750,041
Special assessments	400,000	419,000	419,264	264
Refunds and reimbursements	2,250,000	2,300,000	2,468,085	168,085
Miscellaneous	71,000	186,500	207,908	21,408
Sale of city assets	20,000	20,000	34,646	14,646
Amounts available for appropriation	<u>133,064,401</u>	<u>135,105,901</u>	<u>137,114,739</u>	<u>2,008,838</u>
Charges to appropriations (outflows)				
General government:				
Mayor and Council:				
Personal services	174,600	174,600	152,957	21,643
Operating expenditures	242,800	242,800	194,546	48,254
Capital outlay				
Total mayor and council	<u>417,400</u>	<u>417,400</u>	<u>347,503</u>	<u>69,897</u>
Municipal court:				
Personal services	1,242,400	1,242,400	1,097,452	144,948
Operating expenditures	274,100	274,100	266,712	7,388
Capital outlay				
Total municipal court	<u>1,516,500</u>	<u>1,516,500</u>	<u>1,364,164</u>	<u>152,336</u>
Clerk of courts:				
Personal services	954,500	954,500	933,449	21,051
Operating expenditures	159,036	159,036	150,148	8,888
Capital outlay				
Total clerk of courts	<u>1,113,536</u>	<u>1,113,536</u>	<u>1,083,597</u>	<u>29,939</u>
Office of City Manager:				
Personal services	800,900	800,900	677,253	123,647
Operating expenditures	57,256	57,256	51,055	6,201
Capital outlay				
Total office of city manager	<u>858,156</u>	<u>858,156</u>	<u>728,308</u>	<u>129,848</u>
Law department:				
Personal services	1,006,800	996,800	991,323	5,477
Operating expenditures	185,400	245,400	176,643	68,757
Capital outlay				
Total law department	<u>1,192,200</u>	<u>1,242,200</u>	<u>1,167,966</u>	<u>74,234</u>
Finance department:				
Personal services	2,460,500	2,425,500	2,313,784	111,716
Operating expenditures	684,767	719,626	586,332	133,294
Capital outlay				
Total finance department	<u>3,145,267</u>	<u>3,145,126</u>	<u>2,900,116</u>	<u>245,010</u>
Administrative support:				
Personal services	731,100	731,100	681,257	49,843
Operating expenditures	294,206	288,806	222,267	66,539
Capital outlay				
Total administrative support	<u>1,025,306</u>	<u>1,019,906</u>	<u>903,524</u>	<u>116,382</u>

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government:				
Human resources department:				
Personal services	\$957,200	\$957,200	\$938,163	\$19,037
Operating expenditures	374,665	369,137	279,538	89,599
Capital outlay				
Total human resources department	<u>1,331,865</u>	<u>1,326,337</u>	<u>1,217,701</u>	<u>108,636</u>
Planning and development:				
Personal services	2,439,800	2,456,600	2,427,354	29,246
Operating expenditures	490,739	910,931	802,697	108,234
Capital outlay				
Total planning and development	<u>2,930,539</u>	<u>3,367,531</u>	<u>3,230,051</u>	<u>137,480</u>
Economic development:				
Personal services	171,300	171,300	165,078	6,222
Operating expenditures	1,185,849	1,240,867	1,024,394	216,473
Capital outlay				
Total economic development	<u>1,357,149</u>	<u>1,412,167</u>	<u>1,189,472</u>	<u>222,695</u>
Community Information:				
Personal services	140,900	140,900	139,834	1,066
Operating expenditures	138,000	146,773	127,157	19,616
Capital outlay				
Total community information	<u>278,900</u>	<u>287,673</u>	<u>266,991</u>	<u>20,682</u>
Miscellaneous:				
Personal services	321,100	323,210	263,699	59,511
Operating expenditures	606,558	587,740	307,330	280,410
Capital outlay				
Total miscellaneous	<u>927,658</u>	<u>910,950</u>	<u>571,029</u>	<u>339,921</u>
Total general government	<u>16,094,476</u>	<u>16,617,482</u>	<u>14,970,422</u>	<u>1,647,060</u>
Police:				
Personal services	15,024,200	15,025,600	14,477,929	547,671
Operating expenditures	2,476,381	4,268,537	2,290,093	1,978,444
Capital outlay	192,700	192,700	100,407	92,293
Total police	<u>17,693,281</u>	<u>19,486,837</u>	<u>16,868,429</u>	<u>2,618,408</u>
Fire:				
Personal services	14,490,300	14,601,800	14,488,373	113,427
Operating expenditures	2,284,053	2,232,884	2,000,659	232,225
Capital outlay	2,169,060	2,208,760	48,200	2,160,560
Total fire	<u>18,943,413</u>	<u>19,043,444</u>	<u>16,537,232</u>	<u>2,506,212</u>
Public works:				
Engineering department:				
Personal services	2,318,400	2,318,400	2,169,914	148,486
Operating expenditures	462,567	462,567	384,349	78,218
Capital outlay	174,697	212,997	11,721	201,276
Total engineering department	<u>2,955,664</u>	<u>2,993,964</u>	<u>2,565,984</u>	<u>427,980</u>
Street lighting:				
Operating expenditures	468,890	505,223	469,046	36,177
Total street lighting	<u>468,890</u>	<u>505,223</u>	<u>469,046</u>	<u>36,177</u>
Total public works	<u>3,424,554</u>	<u>3,499,187</u>	<u>3,035,030</u>	<u>464,157</u>
Transfers to other funds	24,595,000	25,739,030	21,013,334	4,725,696
Total charges to appropriations	<u>80,750,724</u>	<u>84,385,980</u>	<u>72,424,447</u>	<u>11,961,533</u>
Fund balance, December 31	<u>\$52,313,677</u>	<u>\$50,719,921</u>	<u>\$64,690,292</u>	<u>\$13,970,371</u>

See accompanying notes to the required supplementary information.

## 62 CITY OF KETTERING, OHIO

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - STREET MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$1,668,863	\$1,668,863	\$1,668,863	
Resources (inflows)				
Licenses and permits	13,000	13,000	18,400	\$5,400
Intergovernmental revenue	3,475,000	3,475,000	3,560,293	85,293
Refunds and reimbursements	216,000	210,000	195,863	(14,137)
Miscellaneous	10,000	10,000	11,924	1,924
Sale of city assets	25,000	25,000	113,089	88,089
Transfer from the general fund	4,276,000	4,476,000	3,395,500	(1,080,500)
Amounts available for appropriation	<u>9,683,863</u>	<u>9,877,863</u>	<u>8,963,932</u>	<u>(913,931)</u>
Charges to appropriations (outflows)				
Public works:				
Street department:				
Personal services	4,555,900	4,395,900	4,184,803	211,097
Operating expenditures	2,401,046	2,498,314	1,649,110	849,204
Capital outlay	2,585,035	2,336,367	1,332,288	1,004,079
Total charges to appropriations	<u>9,541,981</u>	<u>9,230,581</u>	<u>7,166,201</u>	<u>2,064,380</u>
Fund balance, December 31	<u>\$141,882</u>	<u>\$647,282</u>	<u>\$1,797,731</u>	<u>\$1,150,449</u>

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE -  
 PARKS, RECREATION AND CULTURAL ARTS FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$293,169	\$293,169	\$293,169	
Resources (inflows)				
Intergovernmental revenue	32,000	15,000	37,834	\$22,834
Charges for services	3,253,000	3,130,000	3,180,695	50,695
Refunds and reimbursements	39,000	39,000	40,740	1,740
Miscellaneous	51,000	49,700	95,181	45,481
Sale of city assets			38,623	38,623
Transfer from the general fund	8,822,000	8,822,000	7,837,500	(984,500)
Amounts available for appropriation	12,490,169	12,348,869	11,523,742	(825,127)
Charges to appropriations (outflows)				
Leisure services:				
Parks, recreation and cultural arts department:				
Personal services	7,714,100	7,484,100	7,149,949	334,151
Operating expenditures	4,376,745	4,452,681	4,122,376	330,305
Capital outlay	178,979	168,979	124,319	44,660
Total charges to appropriations	12,269,824	12,105,760	11,396,644	709,116
Fund balance, December 31	\$220,345	\$243,109	\$127,098	(\$116,011)

See accompanying notes to the required supplementary information.

## 64 CITY OF KETTERING, OHIO

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - FRAZE PAVILION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$2,779,440	\$2,779,440	\$2,779,440	
Resources (inflows)				
Charges for services	5,160,000	3,022,000	3,035,504	\$13,504
Refunds and reimbursements			9,263	9,263
Miscellaneous	585,000	501,000	511,326	10,326
Amounts available for appropriation	8,524,440	6,302,440	6,335,533	33,093
Charges to appropriations (outflows)				
Leisure services:				
Fraze pavilion:				
Personal services	1,221,000	1,221,000	823,444	397,556
Operating expenditures	5,046,937	5,013,303	3,058,041	1,955,262
Total charges to appropriations	6,267,937	6,234,303	3,881,485	2,352,818
Fund balance, December 31	\$2,256,503	\$68,137	\$2,454,048	\$2,385,911

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION**
**BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE -  
 COMMUNITY DEVELOPMENT FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$1,208,900	\$1,208,900	\$1,208,900	
Resources (inflows)				
Intergovernmental revenue	1,225,000	2,163,181	835,441	(\$1,327,740)
Investment earnings	3,000	1,000	6,684	5,684
Refunds and reimbursements	1,000	4,000		(4,000)
Miscellaneous	1,000	2,500	1,063	(1,437)
Sale of city assets	4,000	27,000		(27,000)
Amounts available for appropriation	<u>2,442,900</u>	<u>3,406,581</u>	<u>2,052,088</u>	<u>(1,354,493)</u>
Charges to appropriations (outflows)				
General government	1,605,184	1,941,057	1,018,691	922,366
Capital improvements	355,441	346,922	110,354	236,568
Total charges to appropriations	<u>1,960,625</u>	<u>2,287,979</u>	<u>1,129,045</u>	<u>1,158,934</u>
Fund balance, December 31	<u>\$482,275</u>	<u>\$1,118,602</u>	<u>\$923,043</u>	<u>(\$195,559)</u>

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - EMERGENCY MEDICAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$884,470	\$884,470	\$884,470	
Resources (inflows)				
Charges for services	240,000	450,000	273,668	(\$176,332)
Investment earnings	13,000	36,000	47,930	11,930
Amounts available for appropriation	1,137,470	1,370,470	1,206,068	(164,402)
Charges to appropriations (outflows)				
Fire:				
Operating expenditures	17,000	17,000	13,252	3,748
Total charges to appropriations	17,000	17,000	13,252	3,748
Fund balance, December 31	\$1,120,470	\$1,353,470	\$1,192,816	(\$160,654)

See accompanying notes to the required supplementary information.



**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

An annual budget for all governmental fund types covering the period January 1 through December 31 of the following year showing estimated revenues and expenditures is submitted to the County Auditor as Secretary of the County Budget Commission. The budget is passed by City Council, after public hearings are held, by July 15 of each year, and submitted to the County Budget Commission by July 20 of each year.

The County Budget Commission certifies its actions relative to the annual budget to the City by September 1. As part of this certification, the City receives an official certificate of estimated resources which states the projected receipts by fund. On or about January 1, this certificate is amended to include any unencumbered fund balances from the preceding year. Prior to December 31, 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 stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations ordinance.

A temporary appropriations ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriations ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriations ordinance generally controls expenditures at the level of personal services, operating expenditures and capital outlay on a department level, except for the state highway fund, cemetery fund, police pension fund, DESC (Defense Electronics Supply Center) reuse fund, special safety grants and programs fund, community development fund, emergency medical fund and the capital projects fund which are controlled at the fund level. The City Manager has the authority to amend appropriations within the department at the levels of personal service, operating expenditures and capital outlay; amendments above this level require council approval. The ordinance may be amended or supplemented by Council during the year as required. Amendments to the appropriations ordinance made during the year were not material in relation to the original appropriations. Total expenditures in any fund do not exceed the estimated resources for that fund. Unencumbered appropriations lapse at year-end, while encumbered amounts are reappropriated in the following year's budget. The Finance Director, in conjunction with the annual budgeting process, estimates revenues. However, these estimates are not included or required in the budget ordinance.

The City, being a home rule municipal corporation, has adopted, through ordinance, GAAP (generally accepted accounting principles) as its budgetary basis.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year-end may be reported as part of restricted, committed or assigned fund balance.

**2. NET PENSION LIABILITY****OHIO POLICE AND FIRE PENSION FUND CHANGES IN BENEFIT TERMS AND ASSUMPTIONS***Changes in assumptions:*

2023: Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates

adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below Medium Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale..

2022: OP&F Board adopted a change in the investment return assumption, reducing it from 8.0% to 7.5%.

2021-2019: There were no OP&F pension plan amendments adopted or changes in assumptions used in the calculation of actuarial determined contributions.

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%

2017-2014: There were no OP&F pension plan amendments adopted or changes in assumptions used in the calculation of actuarial determined contributions.

*Changes in benefit terms:*

2023-2014: There were no changes in benefit terms for the period.

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM CHANGES IN BENEFIT TERMS AND ASSUMPTIONS**

*Changes in assumptions:*

2023: There were no OPERS pension plan amendments adopted or changes in assumptions used in the calculation of actuarial contributions.

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

- Reduction in actuarial assumed rate of return from 7.2% to 6.9%
- Decrease in wage inflation from 3.25% to 2.75%
- Change in future salary increases from a range of 3.25%-10.75% to 2.75%-10.75%

2021-2020: There were no OPERS pension plan amendments adopted or changes in assumptions used in the calculation of actuarial contributions.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.5% to 7.2%.

2018: There were no OPERS pension plan amendments adopted or changes in assumptions used in the calculation of actuarial contributions.

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%

2016-2014: There were no OPERS pension plan amendments adopted or changes in assumptions used in the calculation of actuarial contributions.

*Changes in benefit terms*

2023-2014: There were no changes in benefit terms for the period.

3. NET OPEB LIABILITY (ASSET)

OHIO POLICE AND FIRE PENSION FUND CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

*Changes in assumptions:*

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

- The single discount rate changed from 2.84% to 4.27%.
- The depletion year of OPEB assets is projected in year 2036.
- Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

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

2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 3.56% to 2.96%.

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 4.66% to 3.56%.

2019: Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%. The single discount rate increased from 3.24% to 4.66% and the municipal bond rate increased from 3.16% to 4.13%.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 3.79% to 3.24%.

*Changes in benefit terms:*

2023-2020: There were no changes in benefit terms for the period.

2019: See above regarding change to stipend-based model.

2018: There were no changes in benefit terms for the period.

## OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

### *Changes in assumptions:*

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

- The single discount rate decreased from 6.00% to 5.22%.
- The municipal bond rate increased from 1.84% to 4.05%.

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

- The municipal bond rate decreased from 2.00% to 1.84%.
- The initial health care cost trend rate decreased from 8.5% to 5.5%.
- Decrease in wage inflation from 3.25% to 2.75%.
- Change in future from 7.5% to 10%.

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

- The single discount rate increased from 3.16% to 6.00%.
- The municipal bond rate decreased from 2.75% to 2.00%.
- The initial health care cost trend rate decreased from 10.5% to 8.5%.

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

- The single discount rate decreased from 3.96% to 3.16%.
- The municipal bond rate decreased from 3.71% to 2.75%.
- The initial health care cost trend rate increased from 10.0% to 10.5%.

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

- The single discount rate increased from 3.85% to 3.96%.
- The investment rate of return decreased from 6.5% to 6.0%.
- The municipal bond rate increased from 3.31% to 3.71%.
- The initial health care cost trend rate increased from 7.5% to 10%.

2018: The single discount rate changed from 4.23% to 3.85%.

### *Changes in benefit terms:*

2023: There were no changes in benefit terms for the period.

2022: 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.

2021: There were no changes in benefit terms for the period.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-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 pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

2019-2018: There were no changes in benefit terms for the period.

**FINANCIAL STATEMENTS  
OF  
INDIVIDUAL FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET DECEMBER 31, 2023**

	State Highway	Cemetery	Police Pension	DESC Reuse	Special Safety Grants & Programs	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and investments	\$201,888	\$412,230	\$234,313	\$38,010	\$3,721,653	\$4,608,094
Receivables:						
Property taxes			410,604			410,604
Accounts					496,214	496,214
Leases				65,129		65,129
Due from other governments	126,002		24,200		290,976	441,178
Prepaid items					647	647
Total assets	<u>\$327,890</u>	<u>\$412,230</u>	<u>\$669,117</u>	<u>\$103,139</u>	<u>\$4,509,490</u>	<u>\$6,021,866</u>
<b>LIABILITIES</b>						
Accounts payable	\$442			\$6,576	\$23,227	\$30,245
Due to the General fund					155,161	155,161
Accrued payroll			\$224,170		8,196	232,366
Unearned revenue				1,000	35,848	36,848
Total liabilities	<u>442</u>	<u>0</u>	<u>224,170</u>	<u>7,576</u>	<u>222,432</u>	<u>454,620</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes			410,604			410,604
Leases				63,980		63,980
Grants and other taxes	106,100		24,200		543,257	673,557
Total deferred inflows of resources	<u>106,100</u>	<u>0</u>	<u>434,804</u>	<u>63,980</u>	<u>543,257</u>	<u>1,148,141</u>
<b>FUND BALANCES</b>						
Nonspendable: Prepaids and unamortized leases				1,149	647	1,796
Restricted for:						
Social services						
Public safety			10,143		756,855	766,998
Road construction / Public works	221,348					221,348
Leisure services					31,904	31,904
Municipal court activities					2,435,943	2,435,943
Committed to:						
Social services					8,678	8,678
Public safety					15,576	15,576
Leisure services		412,230			537,151	949,381
Other purposes				30,434		30,434
Unassigned					(42,953)	(42,953)
Total fund balances	<u>221,348</u>	<u>412,230</u>	<u>10,143</u>	<u>31,583</u>	<u>3,743,801</u>	<u>4,419,105</u>
Total liab, defer inflows & fund bals	<u>\$327,890</u>	<u>\$412,230</u>	<u>\$669,117</u>	<u>\$103,139</u>	<u>\$4,509,490</u>	<u>\$6,021,866</u>

**NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL (GAAP BUDGET)  
 FOR THE YEAR ENDED DECEMBER 31, 2023**

	State Highway			Cemetery		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>						
Property taxes						
Intergovernmental revenue	\$405,000	\$301,137	(\$103,863)			
Charges for services				\$7,000	\$7,564	\$564
Fines and forfeits						
Investment earnings	7,000	9,393	2,393	16,000	20,039	4,039
Refunds and reimbursements	21,000		(21,000)			
Miscellaneous				2,000	1,560	(440)
<b>Total revenues</b>	<b>433,000</b>	<b>310,530</b>	<b>(122,470)</b>	<b>25,000</b>	<b>29,163</b>	<b>4,163</b>
<b>EXPENDITURES</b>						
Current:						
General government				20,000	11,234	8,766
Police						
Fire						
Public works	175,000	138,301	36,699			
Leisure services						
Capital improvements	174,538	121,673	52,865			
<b>Total expenditures</b>	<b>349,538</b>	<b>259,974</b>	<b>89,564</b>	<b>20,000</b>	<b>11,234</b>	<b>8,766</b>
Excess (deficiency) of revenues over expenditures	83,462	50,556	(32,906)	5,000	17,929	12,929
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in						
Net change in fund balance	83,462	50,556	(32,906)	5,000	17,929	12,929
Fund balances--beginning	170,792	170,792		394,301	394,301	
Fund balances--ending	<b>\$254,254</b>	<b>\$221,348</b>	<b>(\$32,906)</b>	<b>\$399,301</b>	<b>\$412,230</b>	<b>\$12,929</b>

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL (GAAP BUDGET) - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Police Pension			DESC Reuse		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>						
Property taxes	\$363,000	\$363,734	\$734			
Intergovernmental revenue	48,000	48,380	380			
Charges for services				\$12,000	\$11,124	(\$876)
Fines and forfeits						
Investment earnings					1,417	1,417
Refunds and reimbursements						
Miscellaneous						
Total revenues	<u>411,000</u>	<u>412,114</u>	<u>1,114</u>	<u>12,000</u>	<u>12,541</u>	<u>541</u>
<b>EXPENDITURES</b>						
Current:						
General government				175,555	140,756	34,799
Police	1,900,200	1,851,581	48,619			
Fire						
Public works						
Leisure services						
Capital improvements						
Total expenditures	<u>1,900,200</u>	<u>1,851,581</u>	<u>48,619</u>	<u>175,555</u>	<u>140,756</u>	<u>34,799</u>
Excess (deficiency) of revenues over expenditures	(1,489,200)	(1,439,467)	49,733	(163,555)	(128,215)	35,340
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,490,000	1,439,581	(50,419)	154,000	126,000	(28,000)
Net change in fund balance	800	114	(686)	(9,555)	(2,215)	7,340
Fund balances--beginning	10,029	10,029		33,798	33,798	
Fund balances--ending	<u>\$10,829</u>	<u>\$10,143</u>	<u>(\$686)</u>	<u>\$24,243</u>	<u>\$31,583</u>	<u>\$7,340</u>



NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCES - BUDGET AND ACTUAL (GAAP BUDGET) - CONTINUED  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Special Safety Grants & Programs			Total		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>						
Property taxes				\$363,000	\$363,734	\$734
Intergovernmental revenue	\$4,151,338	\$3,316,845	(\$834,493)	4,604,338	3,666,362	(937,976)
Charges for services				19,000	18,688	(312)
Fines and forfeits	406,000	501,995	95,995	406,000	501,995	95,995
Investment earnings	18,000	130,625	112,625	41,000	161,474	120,474
Refunds and reimbursements				21,000		(21,000)
Miscellaneous	47,000	47,671	671	49,000	49,231	231
Total revenues	<u>4,622,338</u>	<u>3,997,136</u>	<u>(625,202)</u>	<u>5,503,338</u>	<u>4,761,484</u>	<u>(741,854)</u>
<b>EXPENDITURES</b>						
Current:						
General government	3,700,396	3,087,313	613,083	3,895,951	3,239,303	656,648
Police	381,690	253,418	128,272	2,281,890	2,104,999	176,891
Fire	4,721	3,720	1,001	4,721	3,720	1,001
Public works				175,000	138,301	36,699
Leisure services	19,336	14,097	5,239	19,336	14,097	5,239
Capital improvements	712,607	192,879	519,728	887,145	314,552	572,593
Total expenditures	<u>4,818,750</u>	<u>3,551,427</u>	<u>1,267,323</u>	<u>7,264,043</u>	<u>5,814,972</u>	<u>1,449,071</u>
Excess (deficiency) of revenues over expenditures	(196,412)	445,709	642,121	(1,760,705)	(1,053,488)	707,217
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in				1,644,000	1,565,581	(78,419)
Net change in fund balance	(196,412)	445,709	642,121	(116,705)	512,093	628,798
Fund balances--beginning	<u>3,298,092</u>	<u>3,298,092</u>		<u>3,907,012</u>	<u>3,907,012</u>	
Fund balances--ending	<u>\$3,101,680</u>	<u>\$3,743,801</u>	<u>\$642,121</u>	<u>\$3,790,307</u>	<u>\$4,419,105</u>	<u>\$628,798</u>

DEBT SERVICE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL (GAAP BUDGET)  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Final Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$763,000	\$763,843	\$843
Intergovernmental revenue	101,000	101,597	597
Charges for services	1,350,000	1,550,785	200,785
Investment earnings	62,000	75,823	13,823
Refunds and reimbursements	40,000	40,000	
Total revenues	<u>2,316,000</u>	<u>2,532,048</u>	<u>216,048</u>
<b>EXPENDITURES</b>			
Current:			
General government	77,000	75,096	1,904
Debt service:			
Principal	2,183,180	2,183,180	
Interest	622,105	622,105	
Total expenditures	<u>2,882,285</u>	<u>2,880,381</u>	<u>1,904</u>
Excess (deficiency) of revenues over expenditures	(566,285)	(348,333)	217,952
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	863,000	851,222	(11,778)
Net change in fund balance	296,715	502,889	206,174
Fund balances--beginning	974,033	974,033	
Fund balances--ending	<u>\$1,270,748</u>	<u>\$1,476,922</u>	<u>\$206,174</u>

CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL (GAAP BUDGET)  
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Payments in lieu of taxes	\$496,000	\$496,089	\$89
Intergovernmental revenue	5,318,142	4,006,307	(1,311,835)
Investment earnings	570,000	701,000	131,000
Special assessments	556,000	557,142	1,142
Refunds and reimbursements	109,000	138,290	29,290
Total revenues	<u>7,049,142</u>	<u>5,898,828</u>	<u>(1,150,314)</u>
EXPENDITURES			
Capital improvements	23,296,343	17,750,791	5,545,552
Total expenditures	<u>23,296,343</u>	<u>17,750,791</u>	<u>5,545,552</u>
Excess (deficiency) of revenues over expenditures	(16,247,201)	(11,851,963)	4,395,238
OTHER FINANCING SOURCES (USES)			
Transfers in	9,934,030	7,363,531	(2,570,499)
Net change in fund balance	(6,313,171)	(4,488,432)	1,824,739
Fund balances--beginning	20,125,669	20,125,669	
Fund balances--ending	<u>\$13,812,498</u>	<u>\$15,637,237</u>	<u>\$1,824,739</u>

CAPITAL PROJECTS FUND  
DETAILED SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BUDGET)  
FOR THE YEAR ENDED DECEMBER 31, 2023

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Capital improvements:			
Traffic controls	\$2,024,019	\$1,629,738	\$394,281
Street construction	9,825,161	8,640,039	1,185,122
Drainage	1,360,941	64,633	1,296,308
Parks and recreation	8,398,689	6,625,140	1,773,549
Tree planting and landscaping	215,000	35,326	179,674
Other	1,472,533	755,915	716,618
Total capital projects fund	<u>\$23,296,343</u>	<u>\$17,750,791</u>	<u>\$5,545,552</u>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 DECEMBER 31, 2023

	Administrative Operations	Health Insurance	Totals
<b>ASSETS</b>			
Current Assets:			
Pooled cash and investments	\$1,371,123	\$6,268,418	\$7,639,541
Accounts receivable	1,934	31,754	33,688
Prepaid items	22,642		22,642
Inventory	327,746		327,746
Total current assets	<u>1,723,445</u>	<u>6,300,172</u>	<u>8,023,617</u>
Noncurrent Assets:			
Capital assets:			
Buildings and improvements	963,866		963,866
Machinery and equipment	3,462,772		3,462,772
Less: Accumulated depreciation	<u>(3,122,369)</u>		<u>(3,122,369)</u>
Total noncurrent assets	<u>1,304,269</u>		<u>1,304,269</u>
Total assets	<u>3,027,714</u>	<u>6,300,172</u>	<u>9,327,886</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions and OPEB	2,154,474		2,154,474
Total deferred outflows	<u>2,154,474</u>		<u>2,154,474</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	150,277	4,852	155,129
Accrued payroll	181,570		181,570
Accrued health claims		928,655	928,655
Total current liabilities	<u>331,847</u>	<u>933,507</u>	<u>1,265,354</u>
Noncurrent liabilities:			
Accrued vacation and sick benefits due within 1 year	224,291		224,291
Accrued vacation and sick benefits due in more than 1 year	110,472		110,472
Net pension and OPEB liability	4,619,316		4,619,316
Total noncurrent liabilities	<u>4,954,079</u>		<u>4,954,079</u>
Total liabilities	<u>5,285,926</u>	<u>933,507</u>	<u>6,219,433</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions and OPEB	36,895		36,895
Total deferred inflows	<u>36,895</u>		<u>36,895</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,289,466		1,289,466
Unrestricted	<u>(1,430,099)</u>	<u>5,366,665</u>	<u>3,936,566</u>
Total net position	<u>(\$140,633)</u>	<u>\$5,366,665</u>	<u>\$5,226,032</u>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Administrative Operations	Health Insurance	Totals
OPERATING REVENUES			
Charges for services	\$7,141,220	\$8,688,449	\$15,829,669
Total operating revenues	<u>7,141,220</u>	<u>8,688,449</u>	<u>15,829,669</u>
OPERATING EXPENSES			
Personal services	3,585,969		3,585,969
Repairs and maintenance	1,560,814		1,560,814
Contractual services	1,015,702	9,085,507	10,101,209
Other materials and expenses	452,585		452,585
Depreciation	268,653		268,653
Total operating expenses	<u>6,883,723</u>	<u>9,085,507</u>	<u>15,969,230</u>
Operating income (loss)	<u>257,497</u>	<u>(397,058)</u>	<u>(139,561)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	76,547	314,705	391,252
Change in net position	334,044	(82,353)	251,691
Total net position--beginning	<u>(474,677)</u>	<u>5,449,018</u>	<u>4,974,341</u>
Total net position--ending	<u>(\$140,633)</u>	<u>\$5,366,665</u>	<u>\$5,226,032</u>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 Increase (Decrease) in cash

	Administrative Operations	Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received for services	\$7,119,287	\$8,762,481	\$15,881,768
Cash paid to suppliers for goods or services	(3,068,617)	(9,024,811)	(12,093,428)
Cash paid to employees for services	(3,847,042)		(3,847,042)
Net cash provided (used) by operating activities	<u>203,628</u>	<u>(262,330)</u>	<u>(58,702)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(333,624)		(333,624)
Sale of capital assets	26,705		26,705
Net cash provided (used) by capital and related financing activities	<u>(306,919)</u>		<u>(306,919)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	76,547	314,705	391,252
Net cash provided (used) by investing activities	<u>76,547</u>	<u>314,705</u>	<u>391,252</u>
Net increase (decrease) in cash	(26,744)	52,375	25,631
Cash at beginning of year	1,397,867	6,216,043	7,613,910
Cash at end of year	<u>\$1,371,123</u>	<u>\$6,268,418</u>	<u>\$7,639,541</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$257,497	(\$397,058)	(\$139,561)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	268,653		268,653
(Increase) decrease in receivables	(57)	74,032	73,975
(Increase) decrease in prepaids	22		22
(Increase) decrease in inventories	(54,443)		(54,443)
(Increase) decrease in deferred outflows - pension and OPEB	(1,581,442)		(1,581,442)
Increase (decrease) in accounts payable	14,905	(2,644)	12,261
Increase (decrease) in accrued payroll	822		822
Increase (decrease) in accrued health claims		63,340	63,340
Increase (decrease) in accrued vacation and sick benefits	(139,915)		(139,915)
Increase (decrease) in net pension and OPEB liability	3,778,955		3,778,955
Increase (decrease) in deferred inflows - pension and OPEB	(2,319,493)		(2,319,493)
Net increase (decrease) in other operating net position	<u>(21,876)</u>		<u>(21,876)</u>
Net cash provided (used) by operating activities	<u>\$203,628</u>	<u>(\$262,330)</u>	<u>(\$58,702)</u>

**CUSTODIAL FUNDS****COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<u>Municipal Court</u>	<u>Miscellaneous</u>	<u>Totals</u>
<b>ASSETS</b>			
Pooled cash and investments		\$8,087	\$8,087
Investments with fiscal agent, at fair value:			
Other investments	\$173,183		173,183
Total assets	<u>173,183</u>	<u>8,087</u>	<u>181,270</u>
<b>LIABILITIES</b>			
Accounts payable			
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, and other governments	173,183	8,087	181,270
Total net position	<u>\$173,183</u>	<u>\$8,087</u>	<u>\$181,270</u>

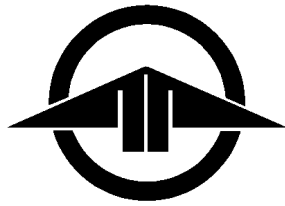
**COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Municipal Court</u>	<u>Miscellaneous</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Municipal court collections	\$1,849,685		\$1,849,685
Investment earnings			
Miscellaneous		\$584	584
Total additions	<u>1,849,685</u>	<u>584</u>	<u>1,850,269</u>
<b>DEDUCTIONS</b>			
Municipal court disbursements	1,828,170		1,828,170
Miscellaneous payments		900	900
Total deductions	<u>1,828,170</u>	<u>900</u>	<u>1,829,070</u>
Change in net position	21,515	(316)	21,199
Net position--beginning	151,668	8,403	160,071
Net position--ending	<u>\$173,183</u>	<u>\$8,087</u>	<u>\$181,270</u>



DEBT SCHEDULE  
DECEMBER 31, 2023

PURPOSE	Schedule of Bonds and Notes						
	Date Issued	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding	Payments Due in 2024	
						Principal	Interest
General Obligation Bonds:							
Court facility refunding	2/4/2015	1.0-4.0	12/1/2024	\$2,215,000	\$265,000	\$265,000	\$10,600
Court facility refunding premium					7,827		
Recreation & parks refunding	12/17/2019	2.12-2.66	12/1/2028	6,825,000	3,975,000	760,000	88,374
Rec & parks refunding premium					45,594		
Fire station improvement	2/4/2015	1.0-4.0	12/1/2034	15,500,000	9,640,000	735,000	321,850
Fire station improvement premium					113,863		
Police station improvement	2/12/2020	2.0-3.0	12/1/2039	8,300,000	6,890,000	360,000	153,750
Police station improvement premium					298,645		
Total general obligation bonds					<u>21,235,929</u>	<u>2,120,000</u>	<u>574,574</u>
Notes from Direct Borrowings:							
Ohio public works commission:							
Bigger Road	12/1/2001	3.00	1/1/2024	511,071	16,831	16,831	252
Ridgeway Bridge	12/31/2021	0.00	7/1/2052	238,110	226,205	7,937	0
Total notes from Direct Borrowings					<u>243,036</u>	<u>24,768</u>	<u>252</u>
Total					<u>\$21,478,965</u>	<u>\$2,144,768</u>	<u>\$574,826</u>



CITY OF KETTERING

## STATISTICAL SECTION

This part of the City of Kettering's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<b><u>Category</u></b>	<b><u>Schedule #s</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	<b>1, 2, 3 &amp; 4</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the income tax.	<b>5 &amp; 6</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>7 &amp; 8</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	<b>9 &amp; 10</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	<b>11, 12 &amp; 13</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

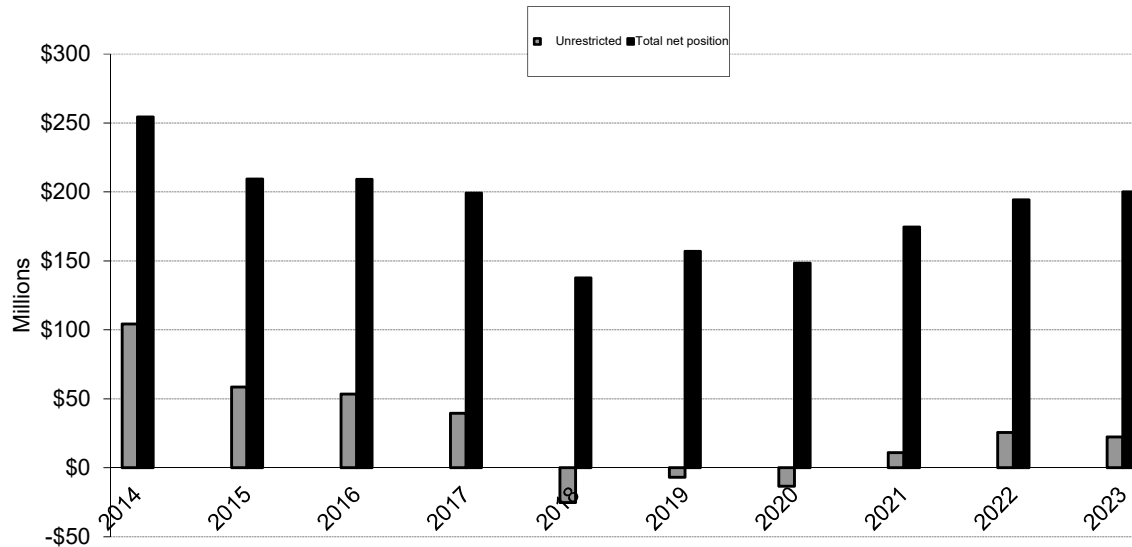
NET POSITION BY CATEGORY

LAST TEN YEARS (accrual basis of accounting)

	Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$145,363,355	\$145,786,739	\$150,978,928	\$154,876,124	\$157,924,500	\$158,460,521	\$156,490,367	\$158,809,317	\$163,239,185	\$170,773,444
Restricted for:										
Debt service	901,840	1,116,296	1,084,375	1,024,676	1,069,750	1,149,303	1,009,652	763,930	974,033	1,476,922
Social services	1,364,088	1,394,703	1,219,193	1,303,652	1,286,271	1,283,651	1,295,870	1,262,524	1,263,806	1,244,729
Public safety	770,562	516,345	432,816	316,753	380,171	396,502	617,368	358,083	450,490	1,309,784
Leisure services	32,138	54,890	52,356	57,939	49,820	47,492	47,636	53,099	31,183	39,327
Municipal court activities	1,638,022	1,681,096	1,744,044	1,872,578	1,902,002	2,040,842	2,100,105	2,242,334	2,345,709	2,436,986
Other purposes	152,478	209,169	96,706	139,230	186,229	275,921	129,349	200,508	319,692	327,448
Unrestricted	104,189,524	58,559,952	53,535,178	39,557,527	(25,181,828)	(6,774,552)	(13,294,368)	10,916,922	25,624,184	22,432,810
Total net position	<u>\$254,412,007</u>	<u>\$209,319,190</u>	<u>\$209,143,596</u>	<u>\$199,148,479</u>	<u>\$137,616,915</u>	<u>\$156,879,680</u>	<u>\$148,395,979</u>	<u>\$174,606,717</u>	<u>\$194,248,282</u>	<u>\$200,041,450</u>

**Note:** Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when (1) and external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the city.

Net Position (accrual basis)



**CITY OF KETTERING, OHIO**

**SCHEDULE 2**

**CHANGES IN NET POSITION  
LAST TEN YEARS (accrual basis of accounting)**

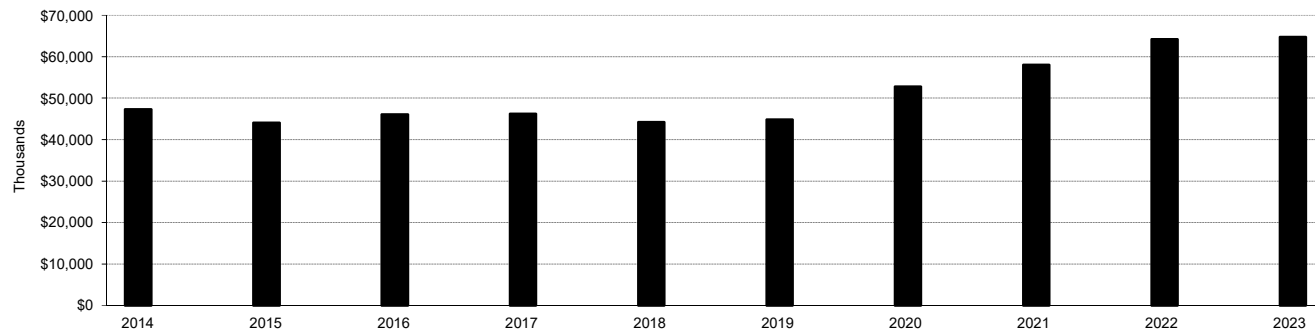
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
General government	\$15,387,775	\$15,594,623	\$15,634,860	\$17,835,211	\$19,692,377	\$21,602,096	\$24,037,345	\$9,704,349	\$15,614,898	\$19,384,399
Police	15,015,613	15,855,597	17,158,438	15,327,428	19,660,703	4,716,597	20,021,648	16,306,176	17,197,584	21,102,681
Fire	11,574,483	12,238,987	14,562,573	19,797,057	18,131,408	1,891,292	18,873,721	16,593,315	17,353,256	20,010,928
Public works	14,548,773	14,824,412	14,974,876	17,497,488	16,800,509	18,628,436	17,479,111	12,105,718	15,164,725	16,043,550
Leisure services	15,285,794	15,228,586	17,396,893	19,179,484	18,619,650	20,869,470	10,962,952	10,385,194	15,768,213	17,670,973
Interest on long term debt	526,129	928,772	840,510	799,738	745,258	593,985	679,438	663,177	618,019	571,792
<b>Total expenses</b>	<b>72,338,567</b>	<b>74,670,977</b>	<b>80,568,150</b>	<b>90,436,406</b>	<b>93,649,905</b>	<b>68,301,876</b>	<b>92,054,215</b>	<b>65,757,929</b>	<b>81,716,695</b>	<b>94,784,323</b>
<b>Program Revenues</b>										
Charges for services:										
General government	2,321,931	2,676,780	2,600,210	2,585,743	2,607,383	2,419,396	1,750,293	2,158,087	2,447,010	2,310,392
Fire	1,511,654	1,604,628	1,618,549	1,188,940	1,402,403	1,556,348	1,293,257	1,248,690	1,587,952	2,405,140
Leisure services	7,643,607	7,523,924	8,187,761	6,928,426	7,494,332	8,038,621	1,187,103	4,646,071	6,537,868	6,216,198
Other activities	47,542	38,660	37,977	47,917	49,219	38,950	44,871	33,768	30,021	33,935
Operating grants and contributions	1,434,454	2,188,592	1,712,929	1,516,856	1,556,208	1,446,630	4,884,548	5,803,679	18,812,167	4,693,781
Capital grants and contributions:										
Public works	2,922,365	1,290,531	3,950,236	4,052,442	1,871,684	4,050,782	3,026,141	6,315,739	2,783,143	3,934,701
Other activities	72,935	26,296	20,815	0	0	0	0	0	614,916	1,369,665
<b>Total program revenues</b>	<b>15,954,488</b>	<b>15,349,411</b>	<b>18,128,477</b>	<b>16,320,324</b>	<b>14,981,229</b>	<b>17,550,727</b>	<b>12,186,213</b>	<b>20,206,034</b>	<b>32,813,077</b>	<b>20,963,812</b>
<b>Net (Expense)/Revenue <sup>1</sup></b>										
General government	(12,330,676)	(11,520,415)	(11,958,063)	(14,396,714)	(16,138,968)	(18,392,872)	(20,873,001)	(5,363,425)	4,704,382	(13,241,998)
Police	(14,957,063)	(15,802,411)	(17,124,082)	(15,254,234)	(19,623,316)	(4,648,370)	(19,983,855)	(16,214,421)	(17,121,010)	(20,982,308)
Fire	(10,060,676)	(10,600,358)	(12,941,202)	(18,604,992)	(16,713,639)	(294,184)	(14,227,627)	(15,286,769)	(15,765,304)	(17,602,067)
Public works	(11,616,128)	(13,511,013)	(11,009,852)	(13,427,286)	(14,907,715)	(14,561,904)	(14,436,030)	(5,769,219)	(12,350,157)	(12,090,449)
Leisure services	(6,893,407)	(6,958,597)	(8,565,964)	(11,633,118)	(10,539,780)	(12,259,834)	(9,668,051)	(2,254,884)	(7,753,510)	(9,331,897)
Interest on long term debt	(526,129)	(928,772)	(840,510)	(799,738)	(745,258)	(593,985)	(679,438)	(663,177)	(618,019)	(571,792)
<b>Total net expense</b>	<b>(56,384,079)</b>	<b>(59,321,566)</b>	<b>(62,439,673)</b>	<b>(74,116,082)</b>	<b>(78,668,676)</b>	<b>(50,751,149)</b>	<b>(79,868,002)</b>	<b>(45,551,895)</b>	<b>(48,903,618)</b>	<b>(73,820,511)</b>
<b>General Revenues</b>										
Taxes										
Income taxes	42,905,808	44,596,261	47,782,561	48,736,262	47,490,344	51,649,781	51,868,398	52,995,180	51,551,516	57,184,421
Property taxes, levied for general purposes	5,821,692	5,585,311	5,672,208	5,645,036	6,134,096	6,191,991	6,234,165	7,057,204	7,164,946	7,746,406
Property taxes, levied for debt service	763,381	735,848	747,707	744,124	808,535	816,126	696,862	741,757	753,097	788,843
Other taxes	4,782,894	3,897,584	3,771,345	3,713,967	3,745,264	4,644,136	5,359,373	5,313,510	5,410,629	5,487,220
Investment earnings	563,252	651,249	1,038,317	1,022,835	1,539,998	2,156,124	942,849	(139,391)	(436,767)	4,622,953
Refunds & reimbursements	1,936,888	1,798,358	1,736,932	2,321,113	2,108,651	2,144,554	3,606,048	1,803,150	2,209,675	1,826,369
Miscellaneous	1,266,903	1,576,009	1,515,009	1,937,628	3,181,128	2,411,202	2,676,606	3,991,223	1,892,087	1,957,467
<b>Total general revenues</b>	<b>58,040,818</b>	<b>58,840,620</b>	<b>62,264,079</b>	<b>64,120,965</b>	<b>65,008,016</b>	<b>70,013,914</b>	<b>71,384,301</b>	<b>71,762,633</b>	<b>68,545,183</b>	<b>79,613,679</b>
<b>Change in Net Position</b>	<b>\$1,656,739</b>	<b>(\$480,946)</b>	<b>(\$175,594)</b>	<b>(\$9,995,117)</b>	<b>(\$13,660,660)</b>	<b>\$19,262,765</b>	<b>(\$8,483,701)</b>	<b>\$26,210,738</b>	<b>\$19,641,565</b>	<b>\$5,793,168</b>

(1) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported with its own fees and program-specific grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN YEARS (modified accrual basis of accounting)

	Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved										
Unreserved										
Nonspendable	\$256,066	\$1,458,395	\$3,018,822	\$6,685,095	\$5,827,996	\$6,795,622	\$3,298,249	\$3,094,380	\$3,626,627	\$3,294,624
Committed	2,570,595	5,758,268	4,676,778	1,997,648	2,285,698	1,788,495	2,337,810	3,286,123	4,767,761	6,772,569
Assigned		5,752,730	5,056,600	5,689,530	6,492,300	2,644,380	3,479,850	5,517,750	18,046,004	3,726,760
Unassigned	44,395,102	31,021,920	33,259,603	31,806,730	29,530,825	33,574,751	43,612,117	46,084,805	37,686,009	50,896,339
Total general fund	<u>\$47,221,763</u>	<u>\$43,991,313</u>	<u>\$46,011,803</u>	<u>\$46,179,003</u>	<u>\$44,136,819</u>	<u>\$44,803,248</u>	<u>\$52,728,026</u>	<u>\$57,983,058</u>	<u>\$64,126,401</u>	<u>\$64,690,292</u>
All Other Governmental Funds										
Nonspendable, reported in:										
Special revenue funds	\$493,470	\$260,042	\$304,729	\$239,859	\$197,556	\$328,091	\$561,378	\$192,249	\$197,722	\$252,406
Restricted, reported in:										
Special revenue funds	3,693,414	3,657,802	3,271,410	3,421,958	3,699,296	3,840,713	3,668,264	3,835,288	4,121,396	4,379,236
Debt service fund	901,840	1,116,296	1,084,375	1,024,676	1,069,750	1,149,303	1,009,652	763,930	974,033	1,476,922
Capital project fund		5,519,305	59,300				292,647			
Committed, reported in:										
Special revenue funds	4,547,399	4,970,215	4,829,640	3,200,811	3,645,993	3,790,799	2,927,392	6,297,964	6,422,736	6,325,152
Capital project fund	46,848,146	47,224,420	41,227,972	35,927,245	29,056,422	25,905,092	22,895,148	20,977,803	20,125,669	15,637,237
Unassigned, reported in:										
Special revenue funds	(111,184)									(42,953)
Total all other governmental funds	<u>\$56,373,085</u>	<u>\$62,748,080</u>	<u>\$50,777,426</u>	<u>\$43,814,549</u>	<u>\$37,669,017</u>	<u>\$35,013,998</u>	<u>\$31,354,481</u>	<u>\$32,067,234</u>	<u>\$31,841,556</u>	<u>\$28,028,000</u>

General Fund Balance

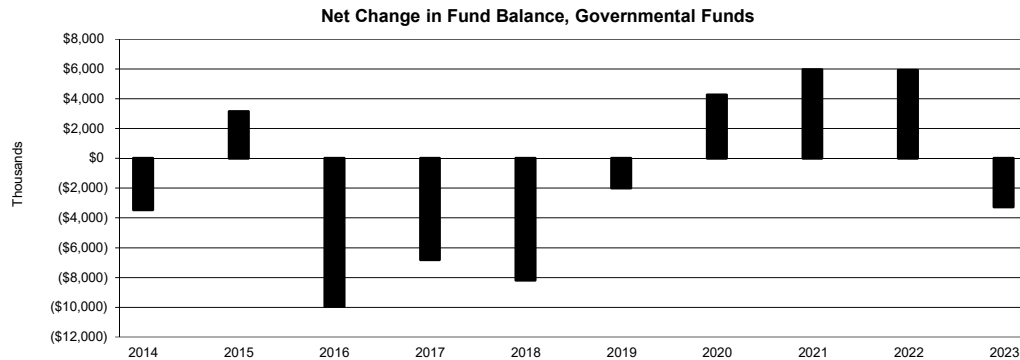


**CITY OF KETTERING, OHIO**

**SCHEDULE 4**

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN YEARS (modified accrual basis of accounting)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>REVENUES</b>										
Income taxes	\$41,624,574	\$44,120,027	\$46,876,012	\$48,734,275	\$47,663,176	\$51,507,371	\$51,818,582	\$53,952,954	\$51,813,169	\$55,355,011
Property taxes	7,649,073	6,321,159	6,419,914	6,389,161	6,942,631	7,008,116	6,931,027	7,798,961	7,918,043	8,031,249
Licenses and permits	524,535	716,026	639,347	605,589	751,369	762,716	486,764	580,220	743,782	747,880
Intergovernmental revenue	7,781,607	6,783,492	8,701,687	8,372,958	6,643,809	8,925,688	12,550,337	17,073,200	27,064,182	14,244,058
Charges for services	9,349,002	9,370,812	9,978,265	8,638,316	9,223,695	9,727,383	2,600,875	6,013,786	8,254,580	8,181,038
Fines and forfeits	1,586,868	1,732,868	1,719,753	1,771,799	1,662,274	1,522,604	1,127,622	1,477,978	1,578,648	1,584,304
Investment earnings	563,252	651,249	1,038,318	1,022,836	1,539,999	2,156,124	942,849	(139,392)	(436,766)	4,622,952
Special assessments	934,463	1,015,407	1,080,565	1,220,260	1,141,200	1,340,996	1,106,950	1,129,336	1,057,890	976,406
Refunds and reimbursements	2,674,641	2,497,078	2,386,191	2,997,010	2,853,118	2,574,769	4,629,801	2,650,445	3,026,735	2,892,241
Miscellaneous	812,423	1,146,765	1,056,410	1,123,573	1,049,927	1,148,121	646,476	1,676,765	1,381,636	1,372,722
<b>Total revenues</b>	<b>73,500,438</b>	<b>74,354,883</b>	<b>79,896,462</b>	<b>80,875,777</b>	<b>79,471,198</b>	<b>86,673,888</b>	<b>82,841,283</b>	<b>92,214,253</b>	<b>102,401,899</b>	<b>98,007,861</b>
<b>EXPENDITURES</b>										
<b>Current:</b>										
General government	13,863,291	14,845,101	14,057,455	14,866,775	16,807,608	16,642,473	19,341,949	16,368,134	18,705,887	19,303,512
Police	15,117,925	16,152,056	16,408,363	16,400,519	16,696,824	17,032,229	16,833,060	17,767,620	18,278,396	18,973,428
Fire	12,648,860	12,324,248	12,709,452	14,301,238	14,656,578	14,414,999	15,334,053	15,309,972	17,128,794	16,554,204
Public works	9,072,077	9,664,515	9,365,153	9,559,765	9,610,546	9,738,693	8,868,568	8,979,776	9,585,615	10,339,532
Leisure services	13,727,217	13,727,146	15,247,453	14,576,209	14,995,154	16,337,811	9,467,195	12,825,929	15,889,562	15,292,226
Capital improvements	11,342,544	18,193,929	20,114,999	16,332,880	14,276,797	13,200,639	15,653,697	14,127,409	14,126,617	18,175,697
<b>Debt service:</b>										
Principal	869,735	1,440,945	1,547,660	1,587,541	1,633,580	1,684,645	2,167,396	2,116,357	2,166,263	2,183,180
Interest	539,555	824,584	874,380	834,945	779,606	734,691	713,531	713,281	668,223	622,105
<b>Total expenditures</b>	<b>77,181,204</b>	<b>87,172,524</b>	<b>90,324,915</b>	<b>88,459,872</b>	<b>89,456,693</b>	<b>89,786,180</b>	<b>88,379,449</b>	<b>88,208,478</b>	<b>96,549,357</b>	<b>101,443,884</b>
Excess (deficiency) of revenues over expenditures	(3,680,766)	(12,817,641)	(10,428,453)	(7,584,095)	(9,985,495)	(3,112,292)	(5,538,166)	4,005,775	5,852,542	(3,436,023)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	24,189,786	17,163,833	14,561,565	17,159,382	17,136,977	17,366,791	11,818,597	15,503,521	22,880,204	21,013,334
Transfers out	(24,189,786)	(17,163,833)	(14,561,565)	(17,159,382)	(17,136,977)	(17,366,791)	(11,818,597)	(15,503,521)	(22,880,204)	(21,013,334)
General obligation debt issuance		15,734,713				65,621	8,673,308	238,111		
Sale of city assets	224,538	227,473	478,289	788,418	1,797,781	1,058,081	1,130,119	1,723,899	65,123	186,358
Net change in fund balance	<u>(\$3,456,228)</u>	<u>\$3,144,545</u>	<u>(\$9,950,164)</u>	<u>(\$6,795,677)</u>	<u>(\$8,187,714)</u>	<u>(\$1,988,590)</u>	<u>\$4,265,261</u>	<u>\$5,967,785</u>	<u>\$5,917,665</u>	<u>(\$3,249,665)</u>
Debt service as a percentage of noncapital expenditures	2.18%	3.31%	3.42%	3.23%	3.13%	3.08%	3.95%	3.72%	3.43%	3.39%

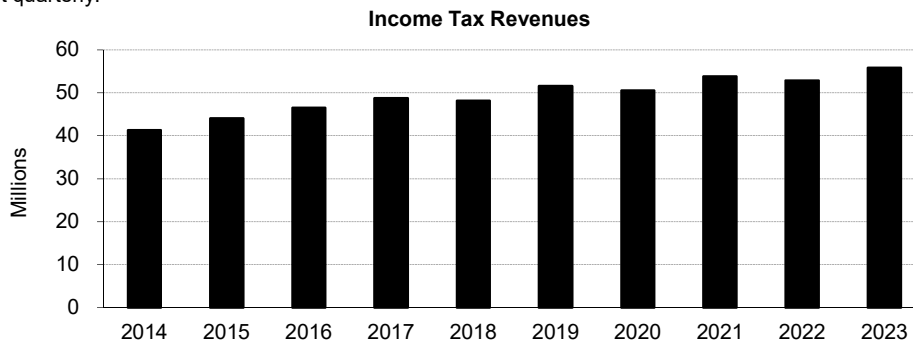


INCOME TAX BY PAYER TYPE AND INCOME TAX RATE  
LAST TEN YEARS (cash basis of accounting)

Year	Individual		Total	Corporate	Partnership	Total	Income Tax Rate
	Withholding	Non-withholding	Individual				
2014	31,236,752	4,837,510	36,074,262	3,546,291	1,621,034	41,241,587	2.25%
2015	32,904,326	5,324,890	38,229,216	4,202,997	1,558,207	43,990,420	2.25%
2016	34,344,622	5,749,565	40,094,187	4,747,831	1,676,035	46,518,053	2.25%
2017	36,317,008	5,029,203	41,346,211	5,520,450	1,823,618	48,690,279	2.25%
2018	37,228,787	4,238,420	41,467,207	5,181,087	1,501,594	48,149,888	2.25%
2019	38,530,755	5,157,019	43,687,774	5,771,652	2,034,677	51,494,103	2.25%
2020	38,120,050	5,051,680	43,171,730	5,425,999	1,883,439	50,481,168	2.25%
2021	39,027,405	5,726,590	44,753,995	7,313,140	1,728,524	53,795,659	2.25%
2022	39,983,645	5,805,157	45,788,802	5,495,155	1,570,054	52,854,011	2.25%
2023	40,474,648	6,641,694	47,116,342	7,221,815	1,440,564	55,778,721	2.25%

Source: City of Kettering, Ohio, Finance Department

The City levies a 2.25% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City, however; a credit is allowed for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.



PERCENTAGES OF INCOME TAX BY PAYER TYPE FOR TOP TEN PAYERS  
CURRENT YEAR AND TEN YEARS AGO (cash basis of accounting)

	2023					
	Individual		Total	Corporate	Partnership	Total
	Withholding	Non-withholding	Individual			
Top Ten	16,964,493	149,177	17,113,670	3,958,162	774,263	21,846,095
All Others	23,510,155	6,492,517	30,002,672	3,263,653	666,301	33,932,626
Top Ten % of Total	41.9%	2.2%	36.3%	54.8%	53.7%	39.2%

	2013					
	Individual		Total	Corporate	Partnership	Total
	Withholding	Non-withholding	Individual			
Top Ten	13,031,779	107,543	13,139,322	1,849,657	683,339	15,672,318
All Others	17,183,550	4,814,395	21,997,945	1,343,112	886,942	24,227,999
Top Ten % of Total	43.1%	2.2%	37.4%	57.9%	43.5%	39.3%

Source: City of Kettering, Ohio, Finance Department

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of income tax by taxpayer.



**CITY OF KETTERING, OHIO**

**SCHEDULE 7**

**RATIOS OF OUTSTANDING DEBT BY TYPE AND LEGAL DEBT MARGINS - LAST TEN YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Obligation Bonds	\$12,055,000	\$26,325,000	\$25,337,079	\$23,876,912	\$22,371,747	\$20,786,469	\$27,438,815	\$25,417,853	\$23,351,891	\$21,235,929
Percent of estimated actual property value	0.38%	0.87%	0.84%	0.79%	0.69%	0.63%	0.83%	0.66%	0.61%	0.56%
Per capita	215	469	451	425	398	370	489	439	404	367
Special Assessment Bonds										
Promissory Notes	1,407,493	1,236,548	1,073,888	916,347	757,767	598,122	405,725	502,478	356,215	243,036
Total Gross Indebtedness	13,462,493	27,561,548	26,410,967	24,793,259	23,129,514	21,384,591	27,844,540	25,920,331	23,708,106	21,478,965
Percentage of personal income	0.67%	1.33%	1.21%	1.10%	1.03%	0.88%	1.16%	1.04%	0.93%	0.84%
Per capita	240	491	470	441	412	381	496	448	410	371
Less debt outside limitations:										
Special Assessment Debt										
Promissory Notes	1,407,493	1,236,548	1,073,888	916,347	757,767	598,122	405,725	502,478	356,215	243,036
Less debt service fund balance	901,840	1,116,296	1,084,375	1,024,676	1,069,750	1,149,303	1,009,652	763,930	974,033	1,476,922
Net debt within limitations for both Voted and Unvoted debt	11,153,160	25,208,704	24,252,704	22,852,236	21,301,997	19,637,166	26,429,163	24,653,923	22,377,858	19,759,007
Debt limitation for both Voted and Unvoted debt										
10.5% of assessed valuation	116,866,227	111,440,775	111,308,207	111,698,952	119,810,981	121,128,614	122,057,309	140,873,034	140,512,373	140,826,487
Legal debt margin for Voted and Unvoted debt	\$105,713,067	\$86,232,071	\$87,055,503	\$88,846,716	\$98,508,984	\$101,491,448	\$95,628,146	\$116,219,111	\$118,134,515	\$121,067,480
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	9.54%	22.62%	21.79%	20.46%	17.78%	16.21%	21.65%	17.50%	15.93%	14.03%
Net debt within limitations for both Voted and Unvoted limitation	\$11,153,160	\$25,208,704	\$24,252,704	\$22,852,236	\$21,301,997	\$19,637,166	\$26,429,163	\$24,653,923	\$22,377,858	\$19,759,007
Less voted debt	9,685,000	9,160,000	8,763,145	8,181,157	7,574,170	6,907,070	6,207,951	5,498,832	4,769,713	4,020,594
Net debt within limitations for Unvoted debt	1,468,160	16,048,704	15,489,559	14,671,079	13,727,827	12,730,096	20,221,212	19,155,091	17,608,145	15,738,413
Debt limitation for Unvoted debt										
5.5% of assessed valuation	61,215,643	58,373,739	58,304,299	58,508,975	62,758,133	63,448,322	63,934,781	73,790,637	73,601,719	73,766,255
Legal debt margin for Unvoted debt	\$59,747,483	\$42,325,035	\$42,814,740	\$43,837,896	\$49,030,306	\$50,718,226	\$43,713,569	\$54,635,546	\$55,993,574	\$58,027,842
Net debt within limitations for Unvoted debt as a percentage of debt limit	2.40%	27.49%	26.57%	25.07%	21.87%	20.06%	31.63%	25.96%	23.92%	21.34%

Source: City of Kettering, Ohio, Finance Department

DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2023

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Kettering <sup>1</sup>	Amount Applicable to City of Kettering
City of Kettering	\$21,478,965	100.0%	\$21,478,965
Overlapping debt:			
Kettering City School District	65,928,000	91.4%	60,258,192
Montgomery County	2,465,000	12.1%	298,265
Beavercreek Local School District	54,456,787	0.8%	435,654
Total overlapping debt	122,849,787		60,992,111
Total direct and overlapping debt	\$144,328,752		\$82,471,076

Source: Individual jurisdictions.

(1) The percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

Individual jurisdictions with immaterial amounts of overlapping debt are excluded from this table.

SCHEDULE 9

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN YEARS

Year	Population <sup>1</sup>	Personal Income <sup>2</sup>	Per capita Personal Income <sup>1,2</sup>	Unemployment Rate <sup>3</sup>	Avg Sale Price for a Single Family Home <sup>4</sup>	Total Assessed Property Value <sup>5</sup>	Estimated Actual Property Value <sup>5</sup>
2014	56,163	2,012,910,298	35,841	5.1%	116,414	1,113,011,690	3,173,886,488
2015	56,163	2,077,748,043	36,995	4.1%	134,150	1,061,340,710	3,026,043,126
2016	56,163	2,179,108,736	38,800	4.1%	139,320	1,060,078,160	3,022,293,674
2017	56,163	2,247,155,918	40,011	4.2%	142,952	1,063,799,540	3,032,476,036
2018	56,163	2,253,732,019	40,128	3.9%	149,596	1,141,056,960	3,252,936,550
2019	56,163	2,437,737,193	43,405	3.6%	162,745	1,153,605,850	3,288,359,328
2020	56,163	2,408,942,417	42,892	4.6%	175,229	1,162,450,560	3,313,043,536
2021	57,862	2,497,350,604	43,160	4.4%	201,381	1,341,647,940	3,824,872,981
2022	57,862	2,555,039,403	44,157	3.1%	222,982	1,338,213,080	3,813,264,590
2023	57,862	2,629,135,546	45,438	2.7%	240,234	1,341,204,640	3,822,480,089

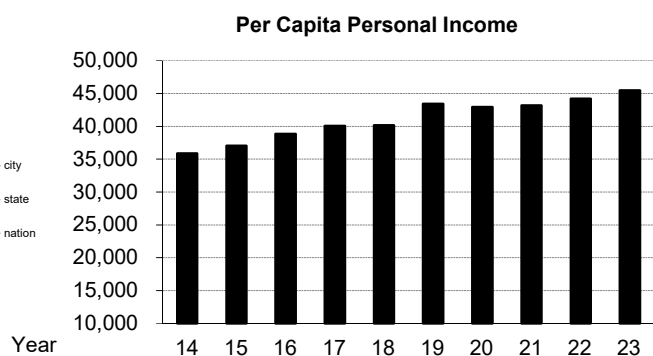
(1) 2020 United States Census Bureau

(2) City of Kettering, Ohio, Finance Department

(3) Ohio Department of Job and Family Services

(4) Dayton Area Board of Realtors, Dayton, Ohio

(5) Montgomery County, Ohio, Auditor's Office



PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO

Employer	2023		2013	
	Employees	% of Total City Employment	Employees	% of Total City Employment
Kettering Health	3,570	12.53%	Kettering Medical Center <sup>1</sup>	3,570 13.63%
Reynolds & Reynolds Company	1,390	4.88%	GE Money	1,800 6.87%
Kettering City Schools	1,155	4.05%	Reynolds & Reynolds Company	1,307 4.99%
Alternate Solutions Health Network	811	2.85%	Kettering City Schools	1,032 3.94%
Solvita	807	2.83%	Limited Brands Inc <sup>1</sup>	1,000 3.82%
Meijer Inc.	550	1.93%	Kroger	630 2.40%
Spectrum	500	1.75%	Meijer Inc.	550 2.10%
City of Kettering	561	1.97%	City of Kettering	550 2.10%
Kroger	420	1.47%	Tenneco	522 1.99%
<b>Total</b>	<b>9,764</b>	<b>34.26%</b>	<b>Total</b>	<b>10,961 41.84%</b>

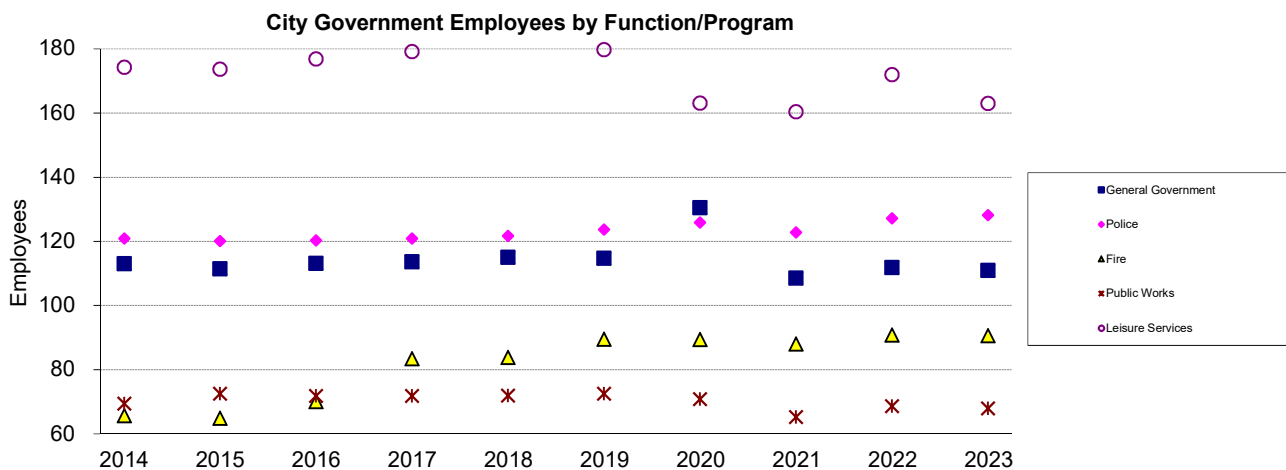
Source: City of Kettering, Ohio, Office of Economic Development  
(1) Kettering Medical Center is now Kettering Health

SCHEDULE 11

CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (full-time equivalents)  
LAST TEN YEARS

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	113.0	111.4	113.1	113.6	115.0	114.7	130.5	108.5	111.8	110.9
Police	120.9	120.1	120.3	120.9	121.7	123.7	125.9	122.8	127.2	128.2
Fire	65.7	64.8	70.0	83.4	83.7	89.5	89.4	88.0	90.7	90.6
Public Works	69.4	72.5	71.8	71.9	72.0	72.5	70.8	65.3	68.7	67.9
Leisure Services	174.3	173.7	176.9	179.1	180.1	179.8	163.1	160.5	172.0	163.0
<b>Total</b>	<b>543.2</b>	<b>542.5</b>	<b>552.1</b>	<b>568.9</b>	<b>572.5</b>	<b>580.2</b>	<b>579.6</b>	<b>545.0</b>	<b>570.4</b>	<b>560.6</b>

Source: City of Kettering, Ohio, Finance Department



OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS

<u>Function/program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Positions filled <sup>1</sup>	24	38	38	36	22	24	11	29	31	28
Permits issued <sup>2</sup>	3,249	2,679	3,180	3,975	3,304	3,655	3,113	4,592	4,457	4,332
Inspections performed <sup>2</sup>	6,115	6,260	7,024	8,424	8,374	8,399	4,527	5,245	7,436	7,356
CDBG/CHIP loan applications <sup>3</sup>	51	75	62	58	33	34	141	15	38	85
Payroll checks processed <sup>4</sup>	21,287	22,310	21,350	21,446	21,212	23,645	16,025	16,948	18,299	18,581
Purchase orders issued <sup>5</sup>	2,030	1,984	1,880	2,156	1,943	2,063	1,621	2,072	2,837	2,754
Ordinances & resolutions <sup>6</sup>	172	185	182	210	178	175	135	170	175	172
Court cases <sup>7</sup>	16,710	14,970	15,739	15,499	14,338	12,428	8,659	10,952	12,307	11,021
Police										
Criminal arrests <sup>8</sup>	3,059	3,299	4,059	4,414	3,905	3,227	1,306	1,373	1,697	1,692
Calls for service <sup>9</sup>	60,686	61,085	68,614	73,752	60,348	54,079	41,305	62,246	60,217	60,188
Fire										
Fire alarms <sup>10</sup>	1,664	1,851	1,719	1,816	1,874	1,742	1,880	1,957	2,066	2,009
Medic alarms <sup>10</sup>	6,192	6,596	6,925	7,109	7,096	7,293	6,498	7,208	7,572	7,363
Public Works										
Asphalt resurfacing (miles) <sup>11</sup>	10	9	18	18	14	10	9	16	14	12
Truckloads of leaves picked-up <sup>12</sup>	1,660	1,525	1,358	1,166	1,730	1,432	1,300	1,023	1,386	1,263
Tons of snow melting salt used <sup>12</sup>	5,397	3,808	3,655	1,222	5,225	4,575	1,653	4,002	4,314	1,365
Leisure Services										
Recreation complex attendance <sup>13</sup>	927,240	887,967	835,631	787,307	823,675	739,612	284,600	420,000	433,175	420,000
Facility Rental Hours <sup>13</sup>									3,330	3,480
Fraze Pavilion tickets sold <sup>13</sup>	97,958	99,462	92,317	77,393	74,358	80,341	0	43,455	63,739	56,001

(1) City of Kettering, Human Resources Department. Positions filled are full time positions.

(2) City of Kettering, Planning and Development Dept. Permits and inspections performed include Building, Electrical, Plumbing & Heating.

(3) City of Kettering, Planning and Development Dept. Community Development Block Grant (CDBG) and Community Housing Impact and Preservation (CHIP) loan applications processed includes housing rehabilitation, purchase rehabilitation, and business loan applications.

(4)(5) City of Kettering, Finance Department. Payroll checks include electronic funds transfers processed for payroll.

(6) City of Kettering, Law Department

(7) City of Kettering, Municipal Court

(8)(9) City of Kettering, Police Department. Criminal arrests include arrests by detective section and patrol.

(10) City of Kettering, Fire Department.

(11)(12) City of Kettering, Public Service Department, Engineering Division and Street Division

(13) City of Kettering, Parks, Recreation, and Cultural Arts Department. Beginning in 2022, facility rental hours are reported to accurately reflect rental indicators of Polen Farm, Ice Arena and Aquatics facilities. Non-rental visits to these facilities are included in the attendance figure. Facility rental information prior to 2022 was reported in the attendance figure.

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM  
LAST TEN YEARS

<u>Function/program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>(4) 2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Square footage occupied <sup>1</sup>	54,933	54,933	54,933	54,933	54,933	54,933	54,933	83,421	83,421	83,421
Police										
Stations <sup>1</sup>	1	1	1	1	1	1	1	1	1	1
Square footage of building <sup>1</sup>	16,515	16,515	16,515	16,515	16,515	16,515	16,515	32,590	32,590	44,829
Fire										
Stations <sup>1</sup>	6	5	5	5	5	5	5	4	4	4
Public Works										
Miles of roads <sup>2</sup>	248	248	248	248	248	248	248	249	249	249
Miles of storm sewer/channel <sup>2</sup>	175	176	176	176	176	177	177	177	177	177
Leisure Services										
Number of parks <sup>3</sup>	21	21	21	21	21	21	21	21	21	21
Area of parks (acres) <sup>3</sup>	419	419	419	419	419	419	419	419	419	419
Recreation complexes square ft <sup>1</sup>	161,119	161,119	161,119	161,119	161,119	161,119	161,119	196,718	196,718	196,718

(1) City of Kettering, Facilities Department

(2) City of Kettering, Public Service Department, Engineering Division

(3) City of Kettering, Parks, Recreation, and Cultural Arts Department

(4) Square footages reported were adjusted in 2021 as a result of a square footage study, the addition to the Police Station, and the addition of the Rosewood Arts Center.