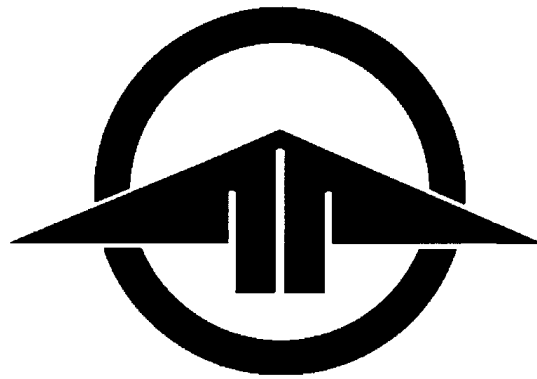


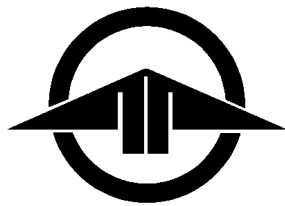
**CITY OF KETTERING, OHIO**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**YEAR ENDED DECEMBER 31, 2021**



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



CITY OF KETTERING

# CITY OF KETTERING, OHIO

i

## ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2021

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**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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## **INTRODUCTORY SECTION**



March 23, 2022

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, 2021, 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 97% 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 2021 income tax revenue increased 2.2% despite issues related to the continuing pandemic. Over the past ten years, income tax revenues have grown an average of 3.8% annually. Future years' income tax receipts are directly related to employees working within the City's boundaries. The City continues to focus the efforts of our Economic Development Department on attracting new employers with the potential for longevity and growth.

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 June 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 3,200 square foot location employs six full time positions and was an investment of \$1.2 million in the heart of Kettering. KHN also opened its Years Ahead Center on East Stroop Road. This new, 14,000 square foot, \$5.6 million medical office building focuses on senior care and will house 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 1,350 at its Miami Valley Research Park campus. Other major employers in the city include Kettering City Schools, Mast Global Digital (formerly Limited Brands, Inc.) a catalogue order center for Victoria's Secret, and a number of engineering firms, computer hardware and software companies, and service related businesses. As a direct result of the COVID-19 pandemic, the City saw the departure in September 2020 of Synchrony Financial. The company opted to end its lease at the Kettering Business Park after moving the majority of employees to work from home status during the stay at home orders from the State of Ohio. The company had 1,900 employees at the Kettering location. The company's departure had an immediate impact on employer-withheld income taxes. However, the diverse business base and improving economic conditions helped to provide growth in total income tax revenue in 2021.

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 continued to market the land remaining for development and work with existing tenants to explore expansion opportunities. Community Tissue Services (CTS) completed construction on a 132,000 square foot expansion at its Miami Valley Research Park location. The \$50 million project more than doubled the facility's footprint and created an additional 200 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 expansion will more than triple their current square footage, allowing for a larger workforce which is expected to nearly double in 5 years. The new location also allows LCO to work in close proximity with more businesses in the industry such as CTS. Resonetics, LLC purchased an additional three acres in the Miami Valley Research Park with plans to construct a new building to allow for another 95 full time jobs. The medical device company specializes in micro manufacturing and currently employs 147. Alternate Solutions Health Network, a long-time Kettering business founded in 1999 is a national leader in post-acute care strategic partnerships. The company collaborates with health systems to build a continuum of care focused on technology, efficiency, and performance. The company purchased an existing 200,000 square foot facility at the Kettering Business Park (KBP) in 2016. After more than \$4 million in investment, the company continues to thrive and expand in their new headquarters now employing 740. Amazon also continues to flourish at their "last-mile" package distribution facility at KBP. In 2019 the City sold 14 acres of land and a largely vacant 200,000 square foot warehouse, Building #2, at KBP to a developer. The developer demolished the building and constructed a 100,000 square foot distribution center. Amazon began processing packages from the new center in July 2019 and is now fully staffed with about 400 part-time employees plus 6 companies providing drivers for the operation.

Infrastructure investment is also a priority 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. The Demolition Program provides financial assistance to commercial and residential property owners in the Program Designated Area to assist with the demolition of structures and clearing of sites for purposes of redevelopment. This plan began a few years ago with a major streetscape improvement project in the corridor between Stroop and Marshall Roads that brought new streetlights, abundant street trees, and decorative banners. A new 8-foot multi-use path on the west side of the corridor offers a connection to existing regional bikeways and improved pedestrian access to businesses. The City

has purchased properties along the corridor and demolished the outdated buildings to allow for new development. As improvements along Wilmington Pike continue, reinvestment by businesses is occurring in this area. One current example is Michael Cui's Restaurant which will replace a former sports bar, vacant since 2009. The dining will be expanded by adding a 3,000 square foot patio. The renovations should be completed in 2022 bringing new jobs to Kettering. Along with significant indoor renovations, the owner plans to add a new street façade with connections from city sidewalks to the property, as well as ambient outdoor features. Eudora Brewing transformed a vacant and deteriorating Pep Boys building into a destination brewery. Construction on the new Wilmington Stroop Library branch was completed and reopened in 2019. The City constructed a new bikeway connection to join the existing bike paths in the area with the entrance to the library. The City will continue to act as a catalyst for reinvestment in this vital area in future years.

After completion of a significant capital investment with the construction of four new fire stations, the City turned its attention to a major renovation to the Kettering Police Department (KPD) headquarters in 2020. The KPD renovation involved adding a second story to the existing headquarters and renovating the existing space to meet the needs of a modern police department. The project totaled \$8.9 million and was completed in 2021. The City issued General Obligation debt to pay for the project. In conjunction with the issuance of debt, Moody's Investors Service reaffirmed the City's bond rating at Aa1.

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, but 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 practices are discussed under Long Term Financial Policies in the City's 2022 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 63 of this report.



## OTHER INFORMATION

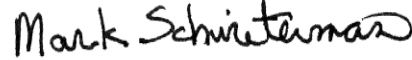
**Independent Audit.** The basic financial statements of the City of Kettering were audited by Plattenburg & Associates, Inc. Certified Public Accountants. See page 2 of the Financial Section of this report for their unmodified opinion.

**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, 2020. 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 39 consecutive years (fiscal years ended 1982-2020). 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, 2021. The City of Kettering has received a Distinguished Budget Presentation Award for the last 36 consecutive years (fiscal years beginning 1986-2021). 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 Marcy K. Bare 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,



Mark Schwieterman  
City Manager



Nancy H. Gregory, CPA  
Director of Finance

## **CITY OF KETTERING, OHIO**

### CITY OFFICIALS

Donald E. Patterson, Mayor

Tony Klepacz, Vice Mayor

Bruce E. Duke

Lisa Duvall

Jacque Fisher

Bill Lautar

Bob Scott

### CITY MANAGER

Mark Schwieterman

### INDEPENDENT AUDITORS

Plattenburg & Associates, Inc.

Certified Public Accountants

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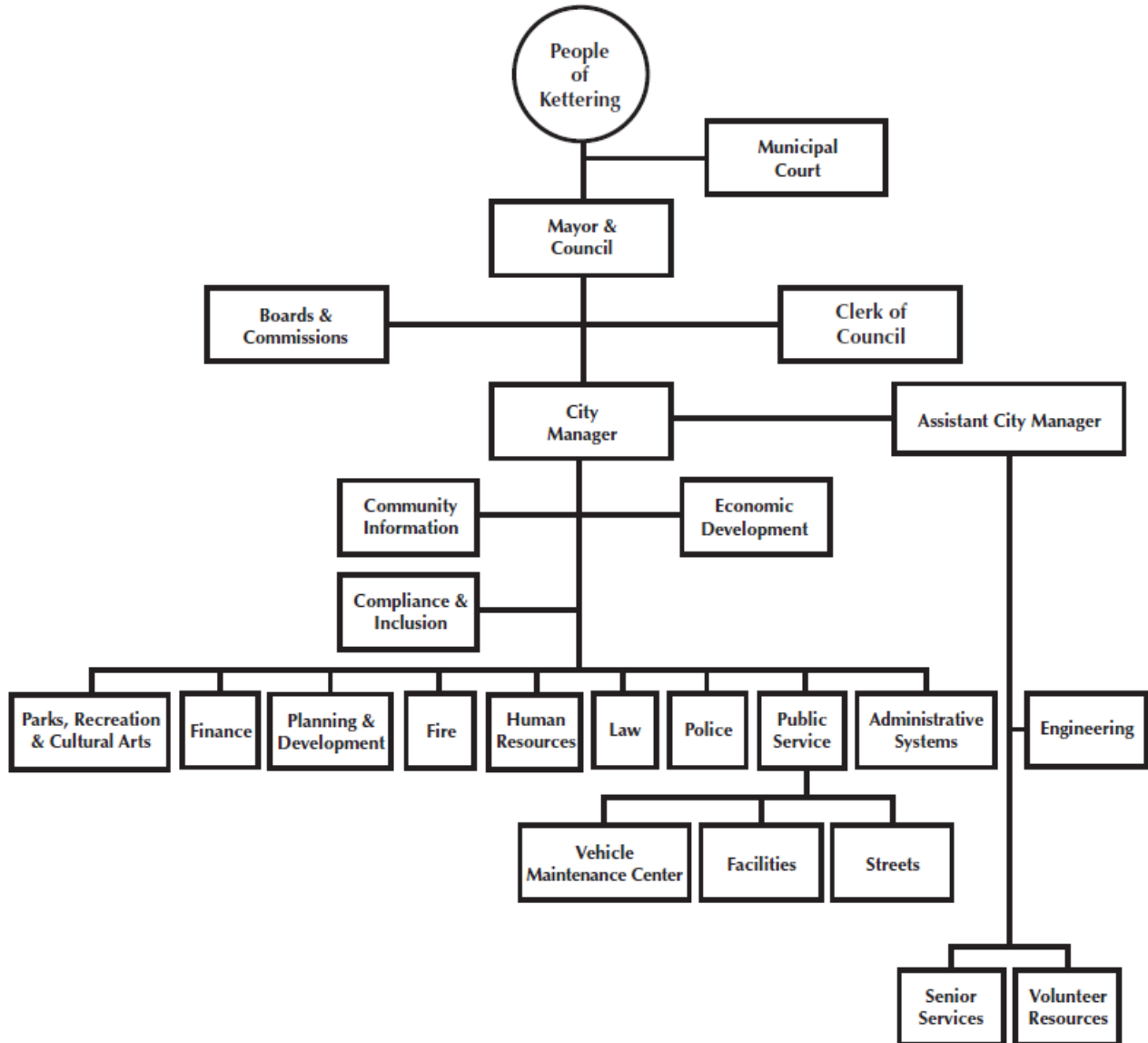
## CITY OF KETTERING, OHIO

### DEPARTMENT OF FINANCE

#### STAFF

Nancy H. Gregory, CPA	Finance Director
Marcy K. Bare, 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	Secretary
Rachel F. Dexter, CPA	Financial Analyst
Rhonda L. South	Finance Technician II
Lynn A. Blumenschein	Finance Technician II - Part-Time
Kimberly M. Koogler	Finance Technician II
Jeri N. Evenden	Finance Technician II
Lindsey J. Miles	Finance Technician II
Christopher E. Cottrill	Finance Technician II
Matthew H. Keele	Finance Technician II
Tanner K. Higgins	Finance Technician II
Julie M. Byerly	Finance Technician I
Joyce A. Foley	Finance Technician I
Michelle R. Robinson	Finance Technician I
Kerry J. Rimstidt	Finance Technician I - Part-Time
Victoria L. Adams	Finance Clerk

# City of Kettering 2021 Organizational Chart





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

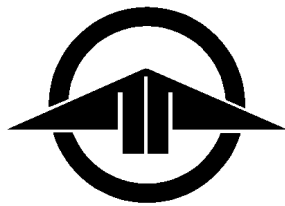
**City of Kettering  
Ohio**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO



CITY OF KETTERING

**FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor, City Council,  
and City Manager  
City of Kettering, Ohio

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Kettering, Ohio (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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



## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### **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 and the schedule of bonds and notes, 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 the schedules and the schedule of bonds and notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section 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 23, 2022, 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.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Dayton, Ohio  
March 23, 2022

**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, 2021.

**FINANCIAL HIGHLIGHTS**

1. Net position increased \$26,210,700 or 17.7% while unrestricted net position increased \$24,211,300 or 182.1%. The majority of these increases are the result of GASB 68/75 pension and OPEB-related reporting. See “THE CITY AS A WHOLE” on page 6 for details.
2. Total revenues increased 10.0% while total expenses decreased 28.6%.
3. Charges for services increased 89.1%.
4. Operating grants and contributions increased 18.8% and capital grants and contributions increased 108.7%.
5. Income taxes increased \$1,126,800 or 2.2%.
6. Investment earnings decreased \$1,082,200 or 114.8%.
7. Total costs of services decreased 28.8%, while net costs of services decreased 43.3%.
8. The General Fund reported an increase in fund balance of \$5,255,000.

**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 21. 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 2021 compared to 2020:

**TABLE 1**  
**NET POSITION**

	2021	2020
Current and other assets	\$132,257,911	\$118,798,858
Capital assets	184,729,648	184,334,908
Total assets	<u>316,987,559</u>	<u>303,133,766</u>
Deferred outflows of resources	18,542,776	26,491,880
Long-term debt outstanding	(31,452,233)	(33,529,295)
Net pension and OPEB liability	(75,472,775)	(110,333,172)
Other liabilities	(13,878,845)	(8,163,606)
Total liabilities	<u>(120,803,853)</u>	<u>(152,026,073)</u>
Deferred inflows of resources	(40,119,765)	(29,203,594)
Net position:		
Net investment in capital assets	158,809,317	156,490,367
Restricted	4,880,478	5,199,980
Unrestricted	10,916,922	(13,294,368)
Total net position	<u>\$174,606,717</u>	<u>\$148,395,979</u>

The largest impacts on the City’s financial statement in 2021 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 and GASB 75 required the City to recognize a pension/OPEB liability of over \$75 million.

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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 \$259,417,800 which is \$85 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 his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

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>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services	\$8,086,616	\$4,275,524
Operating grants and contributions	5,803,679	4,884,548
Capital grants and contributions	6,315,739	3,026,141
General revenues:		
Income taxes	52,995,180	51,868,398
Property taxes	7,798,961	6,931,027
Other taxes	5,313,510	5,359,373
Investment earnings	(139,391)	942,849
Other general revenue	5,794,373	6,282,654
Total revenues	<u>91,968,667</u>	<u>83,570,514</u>
Program expenses		
General government	9,704,349	24,037,345
Police	16,306,176	20,021,648
Fire	16,593,315	18,873,721
Public works	12,105,718	17,479,111
Leisure services	10,385,194	10,962,952
Interest on long-term debt	663,177	679,438
Total expenses	<u>65,757,929</u>	<u>92,054,215</u>
Increase (decrease) in net position	26,210,738	(8,483,701)
Net position beginning	<u>148,395,979</u>	<u>156,879,680</u>
Net position ending	<u>\$174,606,717</u>	<u>\$148,395,979</u>

For 2021 the City produced a 17.7% increase in total net position. Revenues generated were \$92 million and expenses from all programs were \$65.8 million resulting in an increase in net position for the year of \$26,210,700. 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 — increased \$24,211,300. As stated above, the requirement that the City recognize a pension/OPEB liability of over \$75 million distorts the City's net position and unrestricted net position.

Explanations for the larger fluctuations between years are as follows:

- The increase in income tax revenues was generated primarily by corporate income tax payments.
- Charges for services increased as compared to 2020, when the Fraze Pavilion season was cancelled and Parks, Recreation and Cultural Arts activities were temporarily cancelled due to the COVID-19 public health emergency.
- Operating grants and contributions increased due to a Shuttered Venue Operators Grant and Emergency Rental Assistance funding.
- Capital grants and contributions increased due to grant funded roadway projects.
- Property taxes increased due to a revaluation completed in 2020 that was reflected in property tax collected in 2021.
- Investment earnings decreased primarily due to required fair market value accounting adjustments to the City's investment holdings.

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	
	2021	2020	2021	2020
Police	\$16,306,176	\$20,021,648	\$16,214,421	\$19,983,855
Fire	16,593,315	18,873,721	15,286,769	14,227,627
Public works	12,105,718	17,479,111	5,769,219	14,436,030
Leisure services	10,385,194	10,962,952	2,254,884	9,668,051
All others	9,704,349	24,037,345	5,363,425	20,873,001
	<u>\$65,094,752</u>	<u>\$91,374,777</u>	<u>\$44,888,718</u>	<u>\$79,188,564</u>

Total costs of services for 2021 decreased by \$26,280,000 while net costs of services decreased by \$34,299,800. Both decreases 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 decreased expenses by \$18.4 million in 2021 and increased expenses by \$10.7 million in 2020. 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	
	2021	2020	2021	2020
Police	\$18,401,602	\$17,254,243	\$18,309,847	\$17,216,450
Fire	16,428,671	15,953,692	15,122,125	11,307,598
Public works	16,504,622	15,610,070	10,168,123	12,566,989
Leisure services	14,796,081	11,465,917	6,665,771	10,171,016
All others	17,383,241	20,404,218	13,042,317	17,239,874
	<u>\$83,514,218</u>	<u>\$80,688,141</u>	<u>\$63,308,184</u>	<u>\$68,501,928</u>

As shown in Table 4, total costs of services for 2021 increased by \$2,826,100 while net costs of services decreased by \$5,193,700. Total costs increased due to a) costs of the Frazee Pavilion season as compared to 2020 when the season was cancelled, b) increases in personnel costs and c) the emergency rental assistance program. Net costs of services decreased as a result of a) receipt of a Shuttered Venue Operators Grant, which was applied to Frazee Pavilion operating expenses, b) increased grant funding for roadway capital improvement projects, and c) Emergency Rental Assistance funding received.

The capital asset activity for the year was normal. Capital asset additions totaled \$12.1 million compared to \$16.3 million in 2020. 2021's largest additions included nearly \$9 million in street improvements. Total net capital assets for 2021 were \$184,729,648. Of this total, \$11,403,436 was not being depreciated and the capital assets being depreciated totaled \$347,998,694 with accumulated depreciation of \$174,672,482.

During 2021 the City issued a loan through the Ohio Public Works Commission in the amount of \$238,110 to help fund the Ridgeway Bridge project. At December 31, 2021, the City had various debt issues outstanding, which included \$24,860,000 of general obligation bonds and \$502,478 of promissory notes. As of December 31, 2021, the City's net general obligation bonded debt of \$27,417,853 was well below the legal limit of \$140,873,034 and debt per capita equaled \$448.

For more detail on capital asset and long-term debt activity, refer to note 7 and note 12 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 \$90.1 million, which is 7.1% higher than last year's total of \$84.1 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 \$552,900, or .8% overall increase in revenues for 2021. At the same time expenditures increased by \$133,400 or .3%, and transfers out increased by \$3,684,900 or 31.2%. The City's General Fund balance increased in 2021 by \$5,255,000. The increase in income taxes accounts for the majority of the increase in total revenues. Income tax revenue increased 4.1% as a result of higher corporate income tax payments. Property taxes increased due to increased property values. Investment earnings decreased due to required accounting adjustments to the fair market value of the investment portfolio. Refunds and reimbursements decreased as compared to 2020, when the City received a refund from the Bureau of Worker's Compensation and an insurance reimbursement. Transfers out to the Capital Projects fund increased in comparison to 2020, when a major project was funded through debt issuance. Total revenues for the General Fund were \$66.9 million while total expenditures were \$47.8 million. Transfers to other funds totaled \$15.5 million resulting in the \$5,255,000 increase to the General Fund balance.

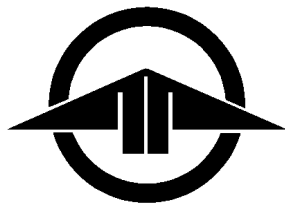
Parks, Recreation & Cultural Arts experienced an increase in revenues of 80.4% and an increase in expenditures of 8.4%. This is a result of the temporary closure of leisure facilities during 2020 due to the COVID-19 public health emergency. Frazee Pavilion experienced an increase in revenues of 145.7% due to the cancelation of the 2020 Frazee Pavilion season. Also, Frazee Pavilion reported other revenue of \$478,200 related to reimbursement of 2020 operating expenditures by the Shuttered Venue Operators Grant. Frazee Pavilion expenditures decreased 54.9% because the Shuttered Venue Operators Grant was used to offset 2021 operating expenditures of \$2,566,700. The Community Development fund saw a decrease in expenditures due to COVID-19 related projects in 2020. The City received Coronavirus State and Local Fiscal Recovery Fund funding from the American Rescue Plan Act (ARPA) of \$6,925,800, of which \$145,000 was recorded as intergovernmental revenue and \$6,780,800 has been recorded as unearned revenue. Revenues in the Capital Projects fund increased by \$1.4 million or 35.9%. This increase was due to more projects with federal and state grant funding. Capital Projects fund expenditures decreased due to the timing of projects. 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 an increase in revenues and expenditures. The City received a Shuttered Venue Operators Grant of \$3,044,900 and Emergency Rental Assistance funding of \$1,354,100. The Shuttered Venue Operators Grant and the Emergency Rental Assistance funds received have been expended. There were no other material changes to the major funds in 2021.

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.

The City of Kettering continued to experience impacts of the COVID-19 public health emergency in 2021. Though charges for services in Parks, Recreation & Cultural Arts and the Frazee Pavilion rebounded as compared to 2020, this revenue was still down over 42% from pre-pandemic levels. In October 2020, the City's second largest employer shifted to a work at home model. However, that loss of withholding from a major employer was offset in 2021 by higher corporate income tax payments, and total 2021 income tax revenue increased by over 4.1%.

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, 2021**

<b>ASSETS</b>	
Pooled cash and investments (note 2)	\$100,257,574
Receivables:	
Income taxes (net of allowance for \$1,621,511)	11,047,700
Property taxes	8,150,477
Payments in lieu of taxes	383,000
Interest	509,451
Accounts	738,550
Special assessments	1,125,000
Loans (net of allowance for \$7,727)	779,442
Due from other governments	3,093,711
Prepaid items	358,351
Inventory	591,938
Assets held for resale	2,642,474
Net OPEB asset	2,580,243
Capital assets not being depreciated (note 7)	11,403,436
Capital assets being depreciated, net (note 7)	173,326,212
Total assets	<u>316,987,559</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension and OPEB	18,542,776
Total deferred outflows	<u>18,542,776</u>
<b>LIABILITIES</b>	
Accounts payable	1,619,616
Salary and benefits payable	2,590,593
Accrued interest payable	56,726
Accrued health claims	750,634
Unearned revenue	8,861,276
Noncurrent liabilities (note 12)	
Due within one year	5,758,032
Due in more than one year	
Net pension and OPEB liability	75,472,775
Other amounts	25,694,201
Total liabilities	<u>120,803,853</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes	9,275,477
Grants, other taxes and payments in lieu of taxes	383,000
Pension and OPEB	30,461,288
Total deferred inflows	<u>40,119,765</u>
<b>NET POSITION</b>	
Net investment in capital assets	158,809,317
Restricted for:	
Debt service	763,930
Social services	1,262,524
Public safety	358,083
Road construction/Public works	200,508
Leisure services	53,099
Municipal court activities	2,242,334
Unrestricted	10,916,922
Total net position	<u><u>\$174,606,717</u></u>

See accompanying notes to the basic financial statements.

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

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	\$9,704,349	\$2,158,087	\$2,182,837	\$0	(\$5,363,425)
Police	16,306,176	13,008	78,747		(16,214,421)
Fire	16,593,315	1,248,690	57,856		(15,286,769)
Public works	12,105,718	20,760		6,315,739	(5,769,219)
Leisure services	10,385,194	4,646,071	3,484,239		(2,254,884)
Interest on long-term debt	663,177				(663,177)
<b>Total</b>	<b>\$65,757,929</b>	<b>\$8,086,616</b>	<b>\$5,803,679</b>	<b>\$6,315,739</b>	<b>(45,551,895)</b>
General revenues:					
Taxes:					
					52,995,180
					7,057,204
					741,757
					979,451
					3,086,388
					833,174
					154,387
					260,110
					1,142,679
					358,311
					(139,391)
					1,803,150
					2,490,233
					<u>71,762,633</u>
					26,210,738
					<u>148,395,979</u>
					<u>\$174,606,717</u>

See accompanying notes to the basic financial statements.

FUND BALANCE SHEETS - GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	General Fund	Major		Special
		Street Maintenance	Parks, Recreation & Cultural Arts	Fraze Pavilion
<b>ASSETS</b>				
Pooled cash and investments	\$53,410,986	\$628,201	\$659,038	\$3,495,723
Receivables:				
Income taxes (net of allowance for \$1,621,511)	11,047,700			
Property taxes	7,050,477			
Payments in lieu of taxes				
Interest	509,451			
Accounts	303,843		38,587	
Special assessments	400,000			
Loans (net of allowance for \$7,727)	0			
Due from Other Special Revenue fund	125,875			
Due from other governments	986,478	1,590,063		
Prepaid items	260,383	23,940	38,617	12,408
Inventory		117,052		
Assets held for resale	2,642,474			
Total assets	<u>\$76,737,667</u>	<u>\$2,359,256</u>	<u>\$736,242</u>	<u>\$3,508,131</u>
<b>LIABILITIES</b>				
Accounts payable	\$917,467	\$33,323	\$160,695	\$21,333
Due to General fund				
Accrued payroll	1,892,631	149,134	193,131	10,718
Unearned revenue	1,891,956		180,016	8,550
Total liabilities	<u>4,702,054</u>	<u>182,457</u>	<u>533,842</u>	<u>40,601</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Income taxes	5,647,306			
Property taxes	7,450,477			
Grants, other taxes and payments in lieu of taxes	954,772	1,313,200		
Total deferred inflows of resources	<u>14,052,555</u>	<u>1,313,200</u>		
<b>FUND BALANCES</b>				
Nonspendable: Inventory, prepaids and loans	3,094,380	140,992	38,617	12,408
Restricted for:				
Debt service				
Social services				
Public safety				
Road construction / Public works				
Leisure services				
Municipal court activities				
Committed to:				
Social services	109,083			
Public safety	1,137,582			
Road construction / Public works	3,920	722,607		
Leisure services			163,783	3,455,122
Economic development	1,838,902			
Other purposes	196,636			
Assigned for:				
Road construction / Public works	1,192,750			
Future appropriations	4,325,000			
Unassigned:	46,084,805			
Total fund balances	<u>57,983,058</u>	<u>863,599</u>	<u>202,400</u>	<u>3,467,530</u>
Total liabilities, deferred inflows & fund balances	<u>\$76,737,667</u>	<u>\$2,359,256</u>	<u>\$736,242</u>	<u>\$3,508,131</u>

See accompanying notes to the basic financial statements.

Revenue Funds					Other	Total
Community Development	Emergency Medical	ARPA	Debt Service	Capital Projects	Special Revenue Governmental Funds	Governmental Funds
\$458,853	\$946,193	\$6,783,994	\$702,449	\$21,127,553	\$3,960,030	\$92,173,020
						11,047,700
			743,000		357,000	8,150,477
				383,000		383,000
	52,870		152,070		217	509,451
				725,000		547,587
779,442						1,125,000
						779,442
16,639			51,700	150,566	298,265	125,875
					232	3,093,711
						335,580
						117,052
						2,642,474
<u>\$1,254,934</u>	<u>\$999,063</u>	<u>\$6,783,994</u>	<u>\$1,649,219</u>	<u>\$22,386,119</u>	<u>\$4,615,744</u>	<u>\$121,030,369</u>
\$15,419	\$1,320		\$3,961	\$297,444	\$47,969	\$1,498,931
					125,875	125,875
					227,567	2,473,181
		\$6,780,753				8,861,275
<u>15,419</u>	<u>1,320</u>	<u>6,780,753</u>	<u>3,961</u>	<u>297,444</u>	<u>401,411</u>	<u>12,959,262</u>
						5,647,306
			743,000	725,000	357,000	9,275,477
16,639	28,876		138,328	385,872	260,345	3,098,032
<u>16,639</u>	<u>28,876</u>		<u>881,328</u>	<u>1,110,872</u>	<u>617,345</u>	<u>18,020,815</u>
						3,286,629
					232	3,286,629
			763,930			763,930
1,222,876		3,241				1,226,117
					264,947	264,947
					49,008	49,008
					52,882	52,882
					2,242,334	2,242,334
						109,083
	968,867				15,575	2,122,024
				732,641		1,459,168
				1,449,421	936,214	6,004,540
						1,838,902
				18,795,741	35,796	19,028,173
						1,192,750
						4,325,000
						46,084,805
<u>1,222,876</u>	<u>968,867</u>	<u>3,241</u>	<u>763,930</u>	<u>20,977,803</u>	<u>3,596,988</u>	<u>90,050,292</u>
<u>\$1,254,934</u>	<u>\$999,063</u>	<u>\$6,783,994</u>	<u>\$1,649,219</u>	<u>\$22,386,119</u>	<u>\$4,615,744</u>	

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.	183,534,848
Other noncurrent assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Income taxes receivable	5,647,306
Grants and other taxes receivable	2,715,032
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.	4,442,329
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	(25,920,331)
Pension and OPEB	(80,693,241)
Vacation and sick leave benefits	(5,112,792)
Accrued interest on bonds payable	(56,726)
Net Position of Governmental Activities	<u>\$174,606,717</u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - FOR THE YEAR ENDED DECEMBER 31, 2021

	General Fund	Major		Special
		Street Maintenance	Parks, Recreation & Cultural Arts	Fraze Pavilion
<b>REVENUES</b>				
Income taxes	\$53,952,954			
Property taxes	6,703,987			
Payments in lieu of taxes				
Licenses and permits	559,460	\$20,760		
Intergovernmental revenue	1,946,337	3,585,824	\$50,700	
Charges for services	112,135		2,444,041	\$2,202,029
Fines and forfeits	1,080,793			
Investment earnings	(77,925)			
Special assessments	408,059			
Refunds and reimbursements	2,098,772	192,899	41,575	832
Miscellaneous	158,038	14,833	26,131	809,155
Total revenues	<u>66,942,610</u>	<u>3,814,316</u>	<u>2,562,447</u>	<u>3,012,016</u>
<b>EXPENDITURES</b>				
Current:				
General government	13,909,353			
Police	15,689,968			
Fire	15,259,180			
Public works	2,939,456	5,929,930		
Leisure services			9,428,147	344,352
Capital improvements				
Debt service:				
Principal				
Interest				
Total expenditures	<u>47,797,957</u>	<u>5,929,930</u>	<u>9,428,147</u>	<u>344,352</u>
Excess (deficiency) of revenues over expenditures	<u>19,144,653</u>	<u>(2,115,614)</u>	<u>(6,865,700)</u>	<u>2,667,664</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in		2,309,700	6,863,500	
Transfers out	(15,503,521)			
General obligation notes issued				
Sale of city assets	1,613,900	645	109,354	
Total Other Financing Sources (Uses)	<u>(13,889,621)</u>	<u>2,310,345</u>	<u>6,972,854</u>	<u>0</u>
Net change in fund balance	5,255,032	194,731	107,154	2,667,664
Fund balances--beginning	52,728,026	668,868	95,246	799,866
Fund balances--ending	<u>\$57,983,058</u>	<u>\$863,599</u>	<u>\$202,400</u>	<u>\$3,467,530</u>

See accompanying notes to the basic financial statements.

Revenue Funds					Other	Total
Community Development	Emergency Medical	ARPA	Debt Service	Capital Projects	Special Revenue Governmental Funds	Governmental Funds
						\$53,952,954
			\$741,757		\$353,217	7,798,961
				\$358,311		358,311
						580,220
\$458,153		\$145,007	103,469	3,954,759	6,828,951	17,073,200
	\$310,149		923,909		21,523	6,013,786
					397,185	1,477,978
5,467	(1,445)	3,241	(4,857)	(27,121)	(36,752)	(139,392)
				721,277		1,129,336
40			40,000	272,544	3,783	2,650,445
226,064					84,233	1,318,454
<u>689,724</u>	<u>308,704</u>	<u>148,248</u>	<u>1,804,278</u>	<u>5,279,770</u>	<u>7,652,140</u>	<u>92,214,253</u>
493,260			46,162		1,919,359	16,368,134
					2,077,652	17,767,620
	15,387				35,405	15,309,972
					110,390	8,979,776
					3,053,430	12,825,929
188,856		145,007		11,711,077	2,082,469	14,127,409
			2,116,357			2,116,357
			713,281			713,281
<u>682,116</u>	<u>15,387</u>	<u>145,007</u>	<u>2,875,800</u>	<u>11,711,077</u>	<u>9,278,705</u>	<u>88,208,478</u>
<u>7,608</u>	<u>293,317</u>	<u>3,241</u>	<u>(1,071,522)</u>	<u>(6,431,307)</u>	<u>(1,626,565)</u>	<u>4,005,775</u>
			825,800	3,983,204	1,521,317	15,503,521
						(15,503,521)
				238,111		238,111
						1,723,899
<u>0</u>	<u>0</u>	<u>0</u>	<u>825,800</u>	<u>4,221,315</u>	<u>1,521,317</u>	<u>1,962,010</u>
<u>7,608</u>	<u>293,317</u>	<u>3,241</u>	<u>(245,722)</u>	<u>(2,209,992)</u>	<u>(105,248)</u>	<u>5,967,785</u>
<u>1,215,268</u>	<u>675,550</u>	<u>0</u>	<u>1,009,652</u>	<u>23,187,795</u>	<u>3,702,236</u>	<u>84,082,507</u>
<u>\$1,222,876</u>	<u>\$968,867</u>	<u>\$3,241</u>	<u>\$763,930</u>	<u>\$20,977,803</u>	<u>\$3,596,988</u>	<u>\$90,050,292</u>

Net change in Fund Balance - Governmental Funds

\$5,967,785

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	12,199,081
	Depreciation expense	(11,498,201)

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. (123,752)

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

Income taxes receivable	(957,775)
Grants receivable	(65,357)

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. 1,878,246

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	117,111
Interest payable	50,104
Pension and OPEB	15,744,907

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 19)

2,898,589

Change in Net Position on the Statement of Activities

\$26,210,738

**STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2021**

	Governmental Activities- Internal Service Funds
<b>ASSETS</b>	
Current Assets:	
Pooled cash and investments	\$8,084,554
Accounts receivable	190,961
Prepaid items	22,771
Inventory	474,886
Total current assets	<u>8,773,172</u>
Noncurrent Assets:	
Net OPEB Asset	310,293
Capital assets:	
Buildings and improvements	839,698
Machinery and equipment	3,168,802
Less: Accumulated depreciation	(2,813,700)
Total noncurrent assets	<u>1,505,093</u>
Total assets	<u>10,278,265</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension and OPEB	694,444
Total deferred outflows	<u>694,444</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	120,683
Accrued payroll	117,412
Accrued health claims	750,634
Total current liabilities	<u>988,729</u>
Noncurrent liabilities:	
Accrued vacation and sick benefits due within one year	272,422
Accrued vacation and sick benefits due within more than one year	146,689
Net pension and OPEB liability	2,484,384
Total noncurrent liabilities	<u>2,903,495</u>
Total liabilities	<u>3,892,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension and OPEB	2,638,156
Total deferred inflows	<u>2,638,156</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,194,800
Unrestricted	3,247,529
Total net position	<u>\$4,442,329</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, 2021

	Governmental Activities- Internal <u>Service Funds</u>
OPERATING REVENUES	
Charges for services	<u>\$14,439,645</u>
Total operating revenues	<u>14,439,645</u>
OPERATING EXPENSES	
Personal services	1,084,070
Repairs and maintenance	1,334,784
Contractual services	8,580,818
Other materials and expenses	282,926
Depreciation	<u>240,391</u>
Total operating expenses	<u>11,522,989</u>
Operating income (loss)	<u>2,916,656</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	<u>(18,067)</u>
Change in net position	2,898,589
Total net position--beginning	<u>1,543,740</u>
Total net position--ending	<u><u>\$4,442,329</u></u>

See accompanying notes to the basic financial statements.

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**Increase (Decrease) in cash**

	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received for services	\$14,306,596
Cash paid to suppliers for goods or services	(13,026,193)
Cash paid to employees for services	(1,164,589)
Net cash provided (used) by operating activities	<u>115,814</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of capital assets	(58,005)
Sale of capital assets	10,396
Net cash used by capital and related financing activities	<u>(47,609)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment earnings	(18,067)
Net cash provided (used) by investing activities	<u>(18,067)</u>
Net increase (decrease) in cash	50,138
Cash at beginning of year	8,034,415
Cash at end of year	<u><u>\$8,084,553</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$2,916,656
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	240,391
Increase (decrease) in net pension and OPEB liability	(4,810,487)
(Increase) decrease in deferred outflows - pension and OPEB	899,707
Increase (decrease) in deferred inflows - pension and OPEB	1,236,221
(Increase) decrease in receivables	(122,653)
(Increase) decrease in inventories	(196,851)
Increase (decrease) in accounts payable	25,790
Increase (decrease) in accrued health claims	16,073
Net (increase) decrease in other operating net position	(89,033)
Net cash provided (used) by operating activities	<u><u>\$115,814</u></u>

See accompanying notes to the basic financial statements.

## FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2021

	Deceased Police Dependents Private Purpose Trust	Custodial Funds
ASSETS		
Pooled cash and investments	\$100,133	\$5,525
Investments with fiscal agent, at fair value:		
Other investments		176,938
Total assets	<u>100,133</u>	<u>182,463</u>
LIABILITIES		
Accounts payable		
Total liabilities	<u>0</u>	<u>0</u>
NET POSITION		
Restricted for:		
Scholarships	100,133	
Individuals, organizations, and other governments		182,463
Total net position	<u>\$100,133</u>	<u>\$182,463</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Deceased Police Dependents Private Purpose Trust	Custodial Funds
ADDITIONS		
Investment earnings	(\$185)	
Moneys held for others		\$4,749
Court receipts		1,507,957
Total additions	<u>(185)</u>	<u>1,512,706</u>
DEDUCTIONS		
Municipal court disbursements		1,444,551
Miscellaneous payments		3,732
Total deductions		<u>1,448,283</u>
Net increase (decrease)	(185)	64,423
Net position--beginning of year	100,318	118,040
Net position--end of year	<u>\$100,133</u>	<u>\$182,463</u>

See accompanying notes to the basic financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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.

**ARPA Fund** – This fund accounts for grants received through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF), a part of the American Rescue Plan. Grants are restricted for various purposes designated by the Department of the Treasury.

**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. 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

#### G. 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

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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.

#### H. Fund Balance Classifications

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.

#### I. 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.

#### J. 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.

#### K. 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 position 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 9 and 10.

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 position 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 property taxes, grants and other taxes (which includes tax incremental financing ‘TIF’), pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Other taxes (TIFs) 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. 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 9 and 10.

#### L. 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 \$8,859,172. Of this amount, \$1,748,127 was insured; the remaining \$7,111,045 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, 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 had \$5,313,735 in corporate bonds issued by BlackRock, Inc. and \$5,161,356 in corporate bonds issued by UnitedHealth Group; these holdings represent 5.3% and 5.1%, respectively, of total pooled cash and investments. At year-end, \$534,239 of the securities in the corporate bond category are rated "BAA1", \$1,014,190 are rated "BAA2" and the remaining \$78,827,620 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, 2021 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>3-6</u>	<u>6-7</u>
Corporate Bonds	\$80,376,049	\$37,511,384	\$42,864,665		
STAR Ohio	12,126,513	12,126,513			
Total	<u>\$92,502,562</u>	<u>\$49,637,897</u>	<u>\$42,864,665</u>	<u>\$0</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, 2021:

- Corporate bonds of \$80,376,049 are valued using a matrix pricing model (Level 2 inputs)
- Pooled investment funds (STAR Ohio) of \$12,126,513 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.

The property tax calendar is as follows:

Levy date	December 31, 2020
Lien date	December 31, 2020
Tax bill mailed	January 20, 2021
First installment payment due	February 15, 2021
Second installment payment due	July 15, 2021

The assessed values for the City at December 31, 2020 were as follows:

	<u>Assessed Value</u>
	<u>Category</u>
Real Estate	\$1,312,541,380
Public Utility Real Property	13,200
Public Utility Personal Property	29,093,360
Total	<u>\$1,341,647,940</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 2046. Fund balance has been classified as restricted for the loans receivable at December 31, 2021. CDBG regulations require the City to reinvest loan repayments in permissible CDBG loans or expenditures.

#### 6. INTERFUND TRANSFERS

All transfers for 2021 were out of the General Fund and into all other funds listed on the Statement of Revenues, Expenditures, and Changes in Fund Balances.

#### 7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021, was as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$10,631,225	\$167,250	(\$111,250)	\$10,687,225
Right of Way	716,211			716,211
Subtotal	<u>11,347,436</u>	<u>167,250</u>	<u>(111,250)</u>	<u>11,403,436</u>
Capital assets being depreciated:				
Buildings and improvements	90,308,280	1,706,184	(581,580)	91,432,884
Machinery and equipment	23,574,756	212,860	(707,104)	23,080,512
Infrastructure	226,498,394	10,172,991	(3,186,087)	233,485,298
Subtotal	<u>340,381,430</u>	<u>12,092,035</u>	<u>(4,474,771)</u>	<u>347,998,694</u>
Accumulated depreciation:				
Buildings and improvements	(46,377,563)	(2,774,286)	581,580	(48,570,269)
Machinery and equipment	(15,198,607)	(1,695,465)	692,402	(16,201,670)
Infrastructure	(105,817,788)	(7,268,842)	3,186,087	(109,900,543)
Subtotal	<u>(167,393,958)</u>	<u>(11,738,593)*</u>	<u>4,460,069</u>	<u>(174,672,482)</u>
Net capital assets being depreciated	<u>172,987,472</u>	<u>353,442</u>	<u>(14,702)</u>	<u>173,326,212</u>
Net capital assets	<u>\$184,334,908</u>	<u>\$520,692</u>	<u>(\$125,952)</u>	<u>\$184,729,648</u>

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

General government	\$664,602
Police	535,736
Fire	1,191,965
Public works	7,293,664
Leisure services	1,812,235
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>240,391</u>
Total depreciation expense	<u>\$11,738,593</u>

## 8. 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

The deductible per occurrence for all types is \$2,500. Pool coverage is \$2,501 - \$350,000 for boiler and machinery, \$2,501 - \$500,000 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. An actuarial opinion issued as of December 31, 2021, indicates reserves in excess of anticipated claims.

MVRMA increased property insurance coverage in 2021 from \$500,000,000 to \$1,000,000,000. 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 \$200,000 and annual aggregate claims in excess of 120% of the expected total claims for the year. The health insurance claim liability of \$750,634 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
2020	\$640,200	\$7,706,068	\$7,611,707	\$734,561
2021	734,561	7,746,129	7,730,056	750,634

## 9. 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 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 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. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The 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 10 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 administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. While employees may elect the member-directed plan or the combined plan, substantially all employees are in the traditional plan; therefore, the following disclosure focuses on 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 [opers.org/financial/reports.shtml](http://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 plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<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 is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, 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), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When

members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

**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>
2021 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	**	***
2021 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.

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

For 2021, the City's contractually required contribution was \$2,816,510. Of this amount \$0 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 [op-f.org](http://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 provisions and reduced and unreduced benefits).

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

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

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0% 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>
2021 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2021 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$3,788,075 for 2021. Of this amount \$172,741 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, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020 to December 31, 2020. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the City's defined benefit pension plans:

	OPERS Traditional Plan	OPF	Total
Proportionate Share of the:			
Net Pension Liability	\$20,658,834	\$47,440,680	\$68,099,514
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13951300%	0.69590810%	
Prior Measurement Date	0.16244500%	0.71198470%	
Change in Proportionate Share	<u>-0.02293200%</u>	<u>-0.01607660%</u>	
Pension Expense	(\$567,287)	\$4,228,366	\$3,661,079

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Plan	OPF	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$0	\$1,983,181	\$1,983,181
Changes in assumptions	0	795,604	795,604
Changes in employer proportionate share of net pension liability	976,763	1,162,548	2,139,311
Contributions subsequent to the measurement date	2,816,510	3,788,075	6,604,585
Total Deferred Outflows of Resources	<u>\$3,793,273</u>	<u>\$7,729,408</u>	<u>\$11,522,681</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$864,176	\$1,848,147	\$2,712,323
Net difference between projected and actual earnings on pension plan investments	8,052,212	2,301,187	10,353,399
Changes in employer proportionate share of net pension liability	3,157,590	1,254,253	4,411,843
Total Deferred Inflows of Resources	<u>\$12,073,978</u>	<u>\$5,403,587</u>	<u>\$17,477,565</u>

\$6,604,585 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, 2022. 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 December 31:	OPERS		Total
	Traditional Plan	OPF	
2022	(\$4,516,877)	\$251,709	(\$4,265,168)
2023	(2,199,782)	961,905	(1,237,877)
2024	(3,282,355)	(2,224,607)	(5,506,962)
2025	(1,098,202)	(434,100)	(1,532,302)
2026	0	(17,162)	(17,162)
Total	<u>(\$11,097,216)</u>	<u>(\$1,462,255)</u>	<u>(\$12,559,471)</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, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

	OPERS Traditional Plan
Wage Inflation	3.25%
Future Salary Increases, including inflation	3.25% to 10.75% including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00%, simple
Post-January 7, 2013 Retirees	.50%, simple through 2021, then 2.15%, simple
Investment Rate of Return	7.20%
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple, to .5 percent simple through 2021 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

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 arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00%	1.32%
Domestic Equities	21.00%	5.64%
Real Estate	10.00%	5.39%
Private Equity	12.00%	10.42%
International Equities	23.00%	7.36%
Other investments	9.00%	4.75%
Total	100.00%	5.43%

**Discount Rate** The discount rate used to measure the total pension liability was 7.2 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 (asset) calculated using the current period discount rate assumption of 7.2 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 (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Proportionate share of the net pension liability	\$39,406,842	\$20,658,834	\$5,069,902

**Changes from the Measurement Date to the Report Date** During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

#### ACTUARIAL ASSUMPTIONS – OP&F

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, 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

were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented below.

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
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 for increases based on the lesser of the increase in CPI and 3 percent

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%

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, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	0.00%
Domestic Equity	21.00%	4.10%
Non-US Equity	14.00%	4.80%
Private Markets	8.00%	6.40%
Core Fixed Income*	23.00%	0.90%
High Yield Fixed Income	7.00%	3.00%
Private Credit	5.00%	4.50%
U.S. Inflation Linked Bonds*	17.00%	0.70%
Midstream Energy Infrastructure	5.00%	5.60%
Real Assets	8.00%	5.80%
Gold	5.00%	1.90%
Private Real Estate	12.00%	5.30%
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** Total pension liability was calculated using the discount rate of 8.00 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 8.00 percent. Based on those assumptions, OP&F'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 8.00 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, (7.00 percent), or one percentage point higher, (9.00 percent), than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the net pension liability:	\$66,043,503	\$47,440,680	\$31,871,995

## 10. POSTEMPLOYMENT BENEFITS

See note 9 for a description of the net OPEB liability (asset).

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

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

employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

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

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

Effective January 1, 2022, OPERS will discontinue 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. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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

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

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

**Funding Policy** The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS'

Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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 2021, 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 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

#### 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.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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 2021, 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 \$89,292 for 2021.

#### NET OPEB LIABILITY (ASSET)

The net OPEB liability (asset) and total OPEB liability (asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, 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, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020 to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS		
	<u>Traditional Plan</u>	<u>OPF</u>	<u>Total</u>
Proportionate Share of the:			
Net OPEB (Asset)	(\$2,580,243)		(\$2,580,243)
Net OPEB Liability		\$7,373,261	7,373,261
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.14482900%	0.69590810%	
Prior Measurement Date	<u>0.16817200%</u>	<u>0.71198470%</u>	
Change in Proportionate Share	<u>-0.02334300%</u>	<u>-0.01607660%</u>	
OPEB Expense	(\$16,189,075)	\$802,412	(\$15,386,663)

At December 31, 2021, 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>			
Changes in assumptions	\$1,268,477	\$4,073,325	\$5,341,802
Changes in employer proportionate share of net OPEB liability (asset)	712,890	876,111	1,589,001
Contributions subsequent to the measurement date	<u>0</u>	<u>89,292</u>	<u>89,292</u>
Total Deferred Outflows of Resources	<u>\$1,981,367</u>	<u>\$5,038,728</u>	<u>\$7,020,095</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$2,328,656	\$1,216,193	\$3,544,849
Changes in assumptions	4,180,766	1,175,435	5,356,201
Net difference between projected and actual earnings on OPEB plan investments	1,374,274	274,004	1,648,278
Changes in employer proportionate share of net OPEB liability (asset)	<u>1,979,885</u>	<u>454,510</u>	<u>2,434,395</u>
Total Deferred Inflows of Resources	<u>\$9,863,581</u>	<u>\$3,120,142</u>	<u>\$12,983,723</u>

\$89,292 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 (asset) in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS		Total
	Traditional Plan	OPF	
2022	(\$3,956,640)	\$413,023	(\$3,543,617)
2023	(3,166,442)	477,908	(2,688,534)
2024	(597,203)	375,613	(221,590)
2025	(161,931)	377,119	215,188
2026	0	99,273	99,273
Thereafter	0	86,357	86,357
<b>Total</b>	<b>(\$7,882,216)</b>	<b>\$1,829,293</b>	<b>(\$6,052,923)</b>

#### 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 asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25% to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate:	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50% initial, 3.50% ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality



improvement scale to all of the above described tables. The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic 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, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34%	1.07%
Domestic Equities	25%	5.64%
Real Estate Investment Trust	7%	6.48%
International Equities	25%	7.36%
Other investments	9%	4.02%
Total	100%	4.43%

**Discount Rate** A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. 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 2.00 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Proportionate share of the net OPEB (asset)	(\$641,592)	(\$2,580,243)	(\$4,173,972)

***Sensitivity of the Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate*** Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB 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 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Proportionate share of the net OPEB (asset)	(\$2,643,129)	(\$2,580,243)	(\$2,509,887)

***Changes between Measurement Date and Reporting Date*** During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

#### ACTUARIAL ASSUMPTIONS – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020 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, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Blended discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% Simple

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%

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, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalent	0.00%	0.00%
Domestic Equity	21.00%	4.10%
Non-US Equity	14.00%	4.80%
Private Markets	8.00%	6.40%
Core Fixed Income*	23.00%	0.90%
High Yield Fixed Income	7.00%	3.00%
Private Credit	5.00%	4.50%
U.S. Inflation Linked Bonds*	17.00%	0.70%
Midstream Energy Infrastructure	5.00%	5.60%
Real Assets	8.00%	5.80%
Gold	5.00%	1.90%
Private Real Estate	12.00%	5.30%
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 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 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, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

**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 2.96 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 (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
Proportionate share of the net OPEB liability	\$9,194,034	\$7,373,261	\$5,871,335

**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.

## 11. LEASES AND CONSTRUCTION COMMITMENTS

There are no operating leases, in which the City is a lessee, in excess of one year. Operating lease payments in 2021 were \$338,645.

Significant commitments and encumbrances at December 31, 2021 included:

Capital Projects Fund \$2,132,000

## 12. NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2021, 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%	\$1,015,000		\$245,000	\$770,000	\$250,000
Court Facility premium	31,308		7,827	23,481	
Recreation & Parks Improvements Refunding, 2% - 3%	6,135,000		700,000	5,435,000	720,000
Recreation & Parks premium	72,951		9,119	63,832	
Fire Station Improvements, 1% - 4%	11,755,000		690,000	11,065,000	705,000
Fire Station premium	144,913		10,350	134,563	
Police Station Improvements, 2% - 3%	7,930,000		340,000	7,590,000	345,000
Fire Station premium	354,643		18,666	335,977	
Total general obligation bonds	<u>27,438,815</u>		<u>2,020,962</u>	<u>25,417,853</u>	<u>2,020,000</u>
<b>Net Pension Liability:</b>					
OPERS	32,108,364		11,449,530	20,658,834	
OP&F	47,963,093		522,413	47,440,680	
Total net pension liability	<u>80,071,457</u>		<u>11,971,943</u>	<u>68,099,514</u>	
<b>Net OPEB Liability:</b>					
OPERS	23,228,922		23,228,922	-	
OP&F	7,032,793	340,468		7,373,261	
Total net OPEB liability	<u>30,261,715</u>	<u>340,468</u>	<u>23,228,922</u>	<u>7,373,261</u>	
<b>Other:</b>					
Accrued vacation and sick leave benefits	5,684,755	3,712,235	3,865,088	5,531,902	3,595,737
Ohio Public Works Commission Long-Term Notes from Direct Borrowings, 0-3%	405,725	238,110	141,357	502,478	142,295
Total other	<u>6,090,480</u>	<u>3,950,345</u>	<u>4,006,445</u>	<u>6,034,380</u>	<u>3,738,032</u>
Total noncurrent liabilities	<u>\$143,862,467</u>	<u>\$4,290,813</u>	<u>\$41,228,272</u>	<u>\$106,925,008</u>	<u>\$5,758,032</u>

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

During 2021, the City issued a loan through the Ohio Public Works Commission (OPWC) in the amount of \$238,110 to help fund the Ridgeway Bridge project. A final amortization schedule was not available at year-end; therefore, the annual principal payment required on this loan is not included in the table below.

The City's outstanding notes from direct borrowings of \$502,478 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 9 and 10 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, 2021, 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>
2022	\$2,020,000	\$666,010	\$142,295	\$2,213
2023	2,070,000	620,858	105,242	1,247
2024	2,120,000	574,574	16,831	
2025	1,905,000	507,158		
2026	1,965,000	452,922		
2027-2031	8,045,000	1,489,464		
2032-2036	5,250,000	482,100		
2037-2040	1,485,000	59,800		
	<u>\$24,860,000</u>	<u>\$4,852,886</u>	<u>\$264,368</u>	<u>\$3,460</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, 2021 the City had a legal debt margin for total debt of \$116,219,111 and a legal debt margin for unvoted debt of \$54,635,546.

### 13. 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.

### 14. NEGATIVE FUND NET POSITION

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The Administrative Operations Internal Service Fund ended the year with a negative net position of \$1,672,006. 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.

#### 15. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For fiscal year 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 91, *Conduit Debt Obligations*; GASB Statement No. 92, *Omnibus 2020*; GASB Statement No. 93, *Replacement of Interbank Offered Rates*; and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 addresses a variety of topics and includes guidance on the reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension or OPEB plan, accounting for non-trusted defined benefit pension or OPEB plans, the applicability of certain requirements of Statement No. 84 to postemployment benefit arrangements, assets and liabilities related to AROs acquired through a government acquisition, reinsurance recoveries, terminology used to refer to derivative instruments, and a technical correction to Statement No. 72. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 provides accounting and financial reporting guidance for those agreements that are dependent on the London Interbank Offered Rate (LIBOR), which is expected to cease to exist in its current form at the end of 2021. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The implementation of GASB Statement No. 98 affected terminology used in this financial report.

**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 EIGHT FISCAL YEARS <sup>(1)</sup>**

	<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	0.69590810%	0.71198470%	0.71312700%	0.72455800%	0.68687500%	0.64947800%	0.63480600%	0.63480600%
City's proportionate share of the net pension liability	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	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	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	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 EIGHT FISCAL YEARS <sup>(1)</sup>**

	<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	0.13951300%	0.16244500%	0.14168500%	0.15289300%	0.15278300%	0.15407100%	0.15548300%	0.15548300%
City's proportionate share of the net pension liability	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	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	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	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	

(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 2014 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 FOR NET PENSION LIABILITY****OHIO POLICE & FIRE PENSION FUND****LAST TEN FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$3,788,075	\$3,607,334	\$3,552,214	\$3,413,819	\$3,349,738	\$3,202,381	\$2,958,704	\$2,728,747	\$2,723,226	\$2,658,962
Contributions in relation to the contractually required contribution	<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>	<u>(2,723,226)</u>	<u>(2,658,962)</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	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	12,450,605
Contributions as a percentage of covered payroll	21.21%	21.19%	21.13%	21.35%	21.61%	21.52%	21.36%	21.36%	21.36%	21.36%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$2,816,510	\$2,750,919	\$2,977,215	\$3,194,043	\$2,862,591	\$2,987,604	\$2,968,095	\$2,841,465	\$2,791,845	\$2,736,865
Contributions in relation to the contractually required contribution	<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>	<u>(2,791,845)</u>	<u>(2,736,865)</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	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	19,504,609
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.03%

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 FIVE FISCAL YEARS <sup>(1)</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.69590810%	0.71198470%	0.71312700%	0.72455800%	0.68687500%
City's proportionate share of the net OPEB liability	7,373,261	7,032,793	6,494,115	41,052,442	32,604,412
City's covered payroll	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	43.31%	41.84%	40.61%	264.90%	219.11%
Plan fiduciary net position as a percentage of the total OPEB liability	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 FIVE FISCAL YEARS <sup>(1)</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability (asset)	0.14482900%	0.16817200%	0.14506900%	0.15546000%	0.15440890%
City's proportionate share of the net OPEB liability (asset)	(2,580,243)	23,228,922	18,913,573	16,881,810	15,595,837
City's covered payroll	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	-13.13%	109.23%	82.90%	76.67%	73.08%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	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 SIX FISCAL YEARS <sup>(1)</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution to OPEB	\$89,292	\$85,130	\$84,044	\$80,841	\$77,520	\$75,242
Contributions to OPEB in relation to the contractually required contribution	<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>
City's covered payroll	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%	0.51%	0.50%	0.51%

**SCHEDULE OF CITY CONTRIBUTIONS TO POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)****OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM****LAST SIX FISCAL YEARS <sup>(1)</sup>**

	<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	\$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>(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>
City's covered payroll	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%	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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$52,728,026	\$52,728,026	\$52,728,026	
Resources (inflows)				
Income taxes	47,900,000	51,900,000	53,952,954	\$2,052,954
Property taxes	6,293,000	6,704,000	6,703,987	(13)
Licenses and permits	582,000	564,000	559,460	(4,540)
Intergovernmental revenue	1,667,000	1,929,000	1,946,337	17,337
Charges for services	110,000	105,000	112,135	7,135
Fines and forfeits	989,000	1,116,000	1,080,793	(35,207)
Investment earnings	733,000	116,000	(77,925)	(193,925)
Special assessments	400,000	408,000	408,059	59
Refunds and reimbursements	2,000,000	1,800,000	2,098,772	298,772
Miscellaneous	45,000	121,000	158,038	37,038
Sale of city assets	1,512,000	1,700,000	1,613,900	(86,100)
Amounts available for appropriation	<u>114,959,026</u>	<u>119,191,026</u>	<u>121,284,536</u>	<u>2,093,510</u>
Charges to appropriations (outflows)				
General government:				
Mayor and Council:				
Personal services	152,550	154,550	137,135	17,415
Operating expenditures	68,800	68,800	59,591	9,209
Capital outlay				
Total mayor and council	<u>221,350</u>	<u>223,350</u>	<u>196,726</u>	<u>26,624</u>
Municipal court:				
Personal services	1,156,400	1,167,500	1,070,817	96,683
Operating expenditures	250,927	258,804	253,111	5,693
Capital outlay				
Total municipal court	<u>1,407,327</u>	<u>1,426,304</u>	<u>1,323,928</u>	<u>102,376</u>
Clerk of courts:				
Personal services	1,002,100	993,300	869,672	123,628
Operating expenditures	135,139	157,139	146,793	10,346
Capital outlay				
Total clerk of courts	<u>1,137,239</u>	<u>1,150,439</u>	<u>1,016,465</u>	<u>133,974</u>
Office of City Manager:				
Personal services	710,300	726,100	719,674	6,426
Operating expenditures	54,497	54,348	50,252	4,096
Capital outlay				
Total office of city manager	<u>764,797</u>	<u>780,448</u>	<u>769,926</u>	<u>10,522</u>
Law department:				
Personal services	921,700	941,600	912,105	29,495
Operating expenditures	180,336	171,308	116,283	55,025
Capital outlay				
Total law department	<u>1,102,036</u>	<u>1,112,908</u>	<u>1,028,388</u>	<u>84,520</u>
Finance department:				
Personal services	2,201,500	2,273,300	2,217,363	55,937
Operating expenditures	607,459	607,459	519,997	87,462
Capital outlay				
Total finance department	<u>2,808,959</u>	<u>2,880,759</u>	<u>2,737,360</u>	<u>143,399</u>
Administrative support:				
Personal services	701,500	717,200	674,442	42,758
Operating expenditures	293,539	279,664	167,904	111,760
Capital outlay				
Total administrative support	<u>995,039</u>	<u>996,864</u>	<u>842,346</u>	<u>154,518</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General government:				
Human resources department:				
Personal services	\$845,400	\$934,400	\$918,217	\$16,183
Operating expenditures	368,452	363,927	295,142	68,785
Capital outlay				
Total human resources department	<u>1,213,852</u>	<u>1,298,327</u>	<u>1,213,359</u>	<u>84,968</u>
Planning and development:				
Personal services	2,228,000	2,274,400	2,136,236	138,164
Operating expenditures	321,614	321,443	290,466	30,977
Capital outlay	35,000	35,000		35,000
Total planning and development	<u>2,584,614</u>	<u>2,630,843</u>	<u>2,426,702</u>	<u>204,141</u>
Economic development:				
Personal services	161,100	210,800	205,853	4,947
Operating expenditures	1,426,000	2,080,000	1,251,155	828,845
Capital outlay				
Total economic development	<u>1,587,100</u>	<u>2,290,800</u>	<u>1,457,008</u>	<u>833,792</u>
Miscellaneous:				
Operating expenditures	1,032,650	1,118,494	897,145	221,349
Total miscellaneous	<u>1,032,650</u>	<u>1,118,494</u>	<u>897,145</u>	<u>221,349</u>
Total general government	<u>14,854,963</u>	<u>15,909,536</u>	<u>13,909,353</u>	<u>2,000,183</u>
Police:				
Personal services	13,497,000	13,837,900	13,599,991	237,909
Operating expenditures	2,212,770	2,299,438	2,089,977	209,461
Capital outlay	80,000	87,000		87,000
Total police	<u>15,789,770</u>	<u>16,224,338</u>	<u>15,689,968</u>	<u>534,370</u>
Fire:				
Personal services	13,299,800	13,605,800	13,585,350	20,450
Operating expenditures	2,007,951	1,964,800	1,650,490	314,310
Capital outlay	783,630	806,970	23,340	783,630
Total fire	<u>16,091,381</u>	<u>16,377,570</u>	<u>15,259,180</u>	<u>1,118,390</u>
Public works:				
Engineering department:				
Personal services	2,210,500	2,256,400	2,153,341	103,059
Operating expenditures	445,751	444,531	347,502	97,029
Capital outlay				
Total engineering department	<u>2,656,251</u>	<u>2,700,931</u>	<u>2,500,843</u>	<u>200,088</u>
Street lighting:				
Operating expenditures	432,000	450,000	438,613	11,387
Total street lighting	<u>432,000</u>	<u>450,000</u>	<u>438,613</u>	<u>11,387</u>
Total public works	<u>3,088,251</u>	<u>3,150,931</u>	<u>2,939,456</u>	<u>211,475</u>
Transfers to other funds	16,285,000	18,634,888	15,503,521	3,131,367
Total charges to appropriations	<u>66,109,365</u>	<u>70,297,263</u>	<u>63,301,478</u>	<u>6,995,785</u>
Fund balance, December 31	<u>\$48,849,661</u>	<u>\$48,893,763</u>	<u>\$57,983,058</u>	<u>\$9,089,295</u>

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - STREET MAINTENANCE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$668,868	\$668,868	\$668,868	
Resources (inflows)				
Licenses and permits	14,000	14,000	20,760	\$6,760
Intergovernmental revenue	3,440,000	3,565,000	3,585,824	20,824
Refunds and reimbursements	226,000	235,000	192,899	(42,101)
Miscellaneous	10,000	14,000	14,833	833
Sale of city assets	75,000	0	645	645
Transfer from the general fund	2,523,000	2,727,700	2,309,700	(418,000)
Amounts available for appropriation	<u>6,956,868</u>	<u>7,224,568</u>	<u>6,793,529</u>	<u>(431,039)</u>
Charges to appropriations (outflows)				
Public works:				
Street department:				
Personal services	4,136,700	4,209,000	4,099,494	109,506
Operating expenditures	2,137,157	2,274,142	1,726,395	547,747
Capital outlay	477,418	447,718	104,041	343,677
Total charges to appropriations	<u>6,751,275</u>	<u>6,930,860</u>	<u>5,929,930</u>	<u>1,000,930</u>
Fund balance, December 31	<u>\$205,593</u>	<u>\$293,708</u>	<u>\$863,599</u>	<u>\$569,891</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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$95,246	\$95,246	\$95,246	
Resources (inflows)				
Intergovernmental revenue	24,000	48,000	50,700	\$2,700
Charges for services	2,974,000	2,318,000	2,444,041	126,041
Refunds and reimbursements	32,000	26,000	41,575	15,575
Miscellaneous	33,000	19,000	26,131	7,131
Sale of city assets		19,000	109,354	90,354
Transfer from the general fund	7,400,000	7,596,700	6,863,500	(733,200)
Amounts available for appropriation	10,558,246	10,121,946	9,630,547	(491,399)
Charges to appropriations (outflows)				
Leisure services:				
Parks, recreation and cultural arts department:				
Personal services	6,488,800	6,008,000	5,849,417	158,583
Operating expenditures	4,013,357	4,048,916	3,578,730	470,186
Capital outlay				
Total charges to appropriations	10,502,157	10,056,916	9,428,147	628,769
Fund balance, December 31	\$56,089	\$65,030	\$202,400	\$137,370

See accompanying notes to the required supplementary information.

## 58 CITY OF KETTERING, OHIO

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - FRAZE PAVILION FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$799,866	\$799,866	\$799,866	
Resources (inflows)				
Charges for services	5,125,000	2,186,000	2,202,029	\$16,029
Refunds and reimbursements			832	832
Miscellaneous	460,000	798,000	809,155	11,155
Amounts available for appropriation	<u>6,384,866</u>	<u>3,783,866</u>	<u>3,811,882</u>	<u>28,016</u>
Charges to appropriations (outflows)				
Leisure services:				
Fraze pavilion:				
Personal services	1,252,600	230,596	114,638	115,958
Operating expenditures	4,901,961	2,977,363	229,714	2,747,649
Capital Outlay				
Total charges to appropriations	<u>6,154,561</u>	<u>3,207,959</u>	<u>344,352</u>	<u>2,863,607</u>
Fund balance, December 31	<u>\$230,305</u>	<u>\$575,907</u>	<u>\$3,467,530</u>	<u>\$2,891,623</u>

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, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$1,215,268	\$1,215,268	\$1,215,268	
Resources (inflows)				
Intergovernmental revenue	1,442,399	1,442,399	458,153	(\$984,246)
Investment earnings	1,000	1,000	5,467	4,467
Refunds and reimbursements			40	
Miscellaneous	2,600	2,600	226,064	223,464
Sale of city assets	21,000	21,000		(21,000)
Transfer from the general fund				
Amounts available for appropriation	<u>2,682,267</u>	<u>2,682,267</u>	<u>1,904,992</u>	<u>(777,315)</u>
Charges to appropriations (outflows)				
General government	1,074,275	1,074,275	493,260	581,015
Capital improvements	<u>374,454</u>	<u>374,454</u>	<u>188,856</u>	<u>185,598</u>
Total charges to appropriations	<u>1,448,729</u>	<u>1,448,729</u>	<u>682,116</u>	<u>766,613</u>
Fund balance, December 31	<u>\$1,233,538</u>	<u>\$1,233,538</u>	<u>\$1,222,876</u>	<u>(\$10,702)</u>

See accompanying notes to the required supplementary information.

## 60 CITY OF KETTERING, OHIO

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - EMERGENCY MEDICAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

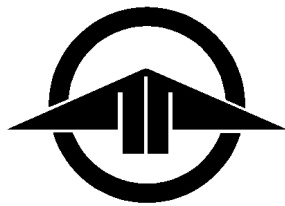
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$675,550	\$675,550	\$675,550	
Resources (inflows)				
Charges for services	300,000	313,000	310,149	(\$2,851)
Investment earnings	6,000	2,000	(1,445)	(3,445)
Refunds and reimbursements				
Transfer from the general fund				
Amounts available for appropriation	<u>981,550</u>	<u>990,550</u>	<u>984,254</u>	<u>(6,296)</u>
Charges to appropriations (outflows)				
Fire:				
Operating expenditures	20,000	20,000	15,387	4,613
Capital outlay	<u>300,000</u>	<u>300,000</u>		<u>300,000</u>
Total fire	<u>320,000</u>	<u>320,000</u>	<u>15,387</u>	<u>304,613</u>
Capital Improvements				
Transfer to the capital projects fund				
Total charges to appropriations	<u>320,000</u>	<u>320,000</u>	<u>15,387</u>	<u>304,613</u>
Fund balance, December 31	<u>\$661,550</u>	<u>\$670,550</u>	<u>\$968,867</u>	<u>\$298,317</u>

See accompanying notes to the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION****BUDGET(GAAP BUDGET) TO ACTUAL COMPARISON SCHEDULE - ARPA FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Fund balance, January 1	\$0	\$0	\$0	
Resources (inflows)				
Intergovernmental revenue		6,925,760	145,007	(\$6,780,753)
Investment earnings			3,241	3,241
Amounts available for appropriation	0	6,925,760	148,248	(6,777,512)
Charges to appropriations (outflows)				
General Government		1,000,000		(\$1,000,000)
Fire		332,000		(\$332,000)
Capital Improvements		200,000	145,007	(\$54,993)
Total charges to appropriations	0	1,532,000	145,007	(1,386,993)
Fund balance, December 31	\$0	\$5,393,760	\$3,241	(\$5,390,519)

See accompanying notes to the required supplementary information.



CITY OF KETTERING

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**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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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:*

2021-2019: There have been 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 changes in methods and assumptions used in the calculation of actuarial determined contributions.

*Changes in benefit terms:*

2021-2014: There were no changes in benefit terms for the period.

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

*Changes in assumptions:*

2021-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this period.

2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

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

2017: The following were the most significant changes of assumptions that affected 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 changes in methods and assumptions used in the calculation of actuarial determined contributions.

*Changes in benefit terms*

2021-2014: 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:*

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

*Changes in benefit terms:*

2021-2020: 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:*

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 percent to 6.00 percent.
- The municipal bond rate decreased from 2.75 percent to 2.00 percent.
- The initial health care cost trend rate decreased from 10.5 percent to 8.5 percent.

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

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 percent to 3.96 percent.
- The investment rate of return decreased from 6.5 percent to 6 percent.
- The municipal bond rate increased from 3.31 percent to 3.71 percent.
- The initial health care cost trend rate increased from 7.5 percent to 10 percent.

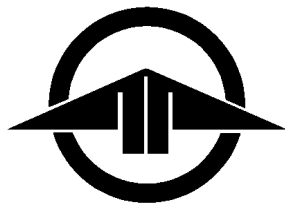
2018: The single discount rate changed from 4.23% to 3.85%.

*Changes in benefit terms:*

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.



CITY OF KETTERING



**FINANCIAL STATEMENTS  
OF  
INDIVIDUAL FUNDS**

NONMAJOR SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET DECEMBER 31, 2021

	State Highway	Cemetery	Police Pension	DESC Reuse	Special Safety Grants & Programs	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and investments	\$29,451	\$459,982	\$234,665	\$41,525	\$3,194,406	\$3,960,029
Receivables:						
Property taxes			357,000			357,000
Accounts					217	217
Due from other governments	126,336		24,600		147,330	298,266
Prepaid items					232	232
Total assets	<u>\$155,787</u>	<u>\$459,982</u>	<u>\$616,265</u>	<u>\$41,525</u>	<u>\$3,342,185</u>	<u>\$4,615,744</u>
<b>LIABILITIES</b>						
Accounts payable	\$279	\$200		\$5,729	\$41,761	\$47,969
Due to the General fund					125,875	125,875
Accrued payroll			\$224,610		2,957	227,567
Unearned revenue						0
Total liabilities	<u>279</u>	<u>200</u>	<u>224,610</u>	<u>5,729</u>	<u>170,593</u>	<u>401,411</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property taxes			357,000			357,000
Grants and other taxes	106,500		24,600		129,245	260,345
Total deferred inflows of resources	<u>106,500</u>		<u>381,600</u>		<u>129,245</u>	<u>617,345</u>
<b>FUND BALANCES</b>						
Nonspendable: Prepaids					232	232
Restricted for:						
Public safety			10,055		254,892	264,947
Road construction / Public works	49,008					49,008
Leisure services					52,882	52,882
Municipal court activities					2,242,334	2,242,334
Committed to:						
Public safety					15,575	15,575
Leisure services		459,782			476,432	936,214
Other purposes				35,796		35,796
Total fund balances	<u>49,008</u>	<u>459,782</u>	<u>10,055</u>	<u>35,796</u>	<u>3,042,347</u>	<u>3,596,988</u>
Total liab, defer inflows & fund bals	<u>\$155,787</u>	<u>\$459,982</u>	<u>\$616,265</u>	<u>\$41,525</u>	<u>\$3,342,185</u>	<u>\$4,615,744</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, 2021

	State Highway			Cemetery		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>						
Property taxes						
Intergovernmental revenue	\$1,983,000	\$1,798,107	(\$184,893)			
Charges for services				\$7,000	\$9,523	\$2,523
Fines and forfeits						
Investment earnings	1,000	426	(574)	2,000	(854)	(2,854)
Refunds and reimbursements						
Miscellaneous					950	950
Total revenues	<u>1,984,000</u>	<u>1,798,533</u>	<u>(185,467)</u>	<u>9,000</u>	<u>9,619</u>	<u>619</u>
<b>EXPENDITURES</b>						
Current:						
General government				20,000	10,243	9,757
Police						
Fire						
Public works	195,000	110,390	84,610			
Leisure services						
Capital improvements	2,204,745	2,002,856	201,889			
Total expenditures	<u>2,399,745</u>	<u>2,113,246</u>	<u>286,499</u>	<u>20,000</u>	<u>10,243</u>	<u>9,757</u>
Excess (deficiency) of revenues over expenditures	(415,745)	(314,713)	101,032	(11,000)	(624)	10,376
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	145,500	39,700	(105,800)			
Transfers out						
Sale of city assets						
Net change in fund balance	<u>(270,245)</u>	<u>(275,013)</u>	<u>(4,768)</u>	<u>(11,000)</u>	<u>(624)</u>	<u>10,376</u>
Fund balances--beginning	324,021	324,021		460,406	460,406	
Fund balances--ending	<u>\$53,776</u>	<u>\$49,008</u>	<u>(\$4,768)</u>	<u>\$449,406</u>	<u>\$459,782</u>	<u>\$10,376</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, 2021**

	Police Pension			DESC Reuse		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>						
Property taxes	\$353,000	\$353,217	\$217			
Intergovernmental revenue	49,000	49,271	271			
Charges for services				\$12,000	\$12,000	
Fines and forfeits						
Investment earnings						
Refunds and reimbursements						
Miscellaneous						
Total revenues	<u>402,000</u>	<u>402,488</u>	<u>488</u>	<u>12,000</u>	<u>12,000</u>	<u>0</u>
<b>EXPENDITURES</b>						
Current:						
General government				194,862	139,971	54,891
Police	1,811,200	1,775,829	35,371			
Fire						
Public works						
Leisure services						
Capital improvements						
Total expenditures	<u>1,811,200</u>	<u>1,775,829</u>	<u>35,371</u>	<u>194,862</u>	<u>139,971</u>	<u>54,891</u>
Excess (deficiency) of revenues over expenditures	(1,409,200)	(1,373,341)	35,859	(182,862)	(127,971)	54,891
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	1,444,100	1,373,400	(70,700)	155,000	107,900	(47,100)
Transfers out						
Sale of city assets						
Net change in fund balance	<u>34,900</u>	<u>59</u>	<u>(34,841)</u>	<u>(27,862)</u>	<u>(20,071)</u>	<u>7,791</u>
Fund balances--beginning	9,996	9,996		55,867	55,867	
Fund balances--ending	<u>\$44,896</u>	<u>\$10,055</u>	<u>(\$34,841)</u>	<u>\$28,005</u>	<u>\$35,796</u>	<u>\$7,791</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, 2021

	Special Safety Grants & Programs			Total		
	Final Budget	Actual	Variance	Final Budget	Actual	Variance
<b>REVENUES</b>						
Property taxes				\$353,000	\$353,217	\$217
Intergovernmental revenue	\$5,536,117	\$4,981,573	(\$554,544)	7,568,117	6,828,951	(739,166)
Charges for services				19,000	21,523	2,523
Fines and forfeits	329,000	397,185	68,185	329,000	397,185	68,185
Investment earnings	4,437	(36,324)	(40,761)	7,437	(36,752)	(44,189)
Refunds and reimbursements	4,000	3,783	(217)	4,000	3,783	(217)
Miscellaneous	85,000	83,283	(1,717)	85,000	84,233	(767)
Total revenues	<u>5,958,554</u>	<u>5,429,500</u>	<u>(529,054)</u>	<u>8,365,554</u>	<u>7,652,140</u>	<u>(713,414)</u>
<b>EXPENDITURES</b>						
Current:						
General government	2,496,800	1,769,145	727,655	2,711,662	1,919,359	792,303
Police	533,214	301,823	231,391	2,344,414	2,077,652	266,762
Fire	49,730	35,405	14,325	49,730	35,405	14,325
Public works				195,000	110,390	84,610
Leisure services	3,113,646	3,053,430	60,216	3,113,646	3,053,430	60,216
Capital improvements	124,660	79,613	45,047	2,329,405	2,082,469	246,936
Total expenditures	<u>6,318,050</u>	<u>5,239,416</u>	<u>1,078,634</u>	<u>10,743,857</u>	<u>9,278,705</u>	<u>1,465,152</u>
Excess (deficiency) of revenues over expenditures	(359,496)	190,084	549,580	(2,378,303)	(1,626,565)	751,738
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	28,323	317	(28,006)	1,772,923	1,521,317	(251,606)
Transfers out						
Sale of city assets						
Net change in fund balance	(331,173)	190,401	521,574	(605,380)	(105,248)	500,132
Fund balances--beginning	2,851,946	2,851,946		3,702,236	3,702,236	
Fund balances--ending	<u>\$2,520,773</u>	<u>\$3,042,347</u>	<u>\$521,574</u>	<u>\$3,096,856</u>	<u>\$3,596,988</u>	<u>\$500,132</u>

DEBT SERVICE FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL (GAAP BUDGET)  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Final Budget	Actual	Variance
REVENUES			
Property taxes	\$740,000	\$741,757	\$1,757
Intergovernmental revenue	104,000	103,469	(531)
Charges for services	938,000	923,909	(14,091)
Investment earnings	4,000	(4,857)	(8,857)
Refunds and reimbursements	40,000	40,000	
Total revenues	<u>1,826,000</u>	<u>1,804,278</u>	<u>(21,722)</u>
EXPENDITURES			
Current:			
General government	52,000	46,162	5,838
Debt service:			
Principal	2,116,357	2,116,357	
Interest	713,283	713,281	2
Total expenditures	<u>2,881,640</u>	<u>2,875,800</u>	<u>5,840</u>
Deficiency of revenues over expenditures	(1,055,640)	(1,071,522)	(15,882)
OTHER FINANCING SOURCES (USES)			
Transfers in	828,000	825,800	(2,200)
Net change in fund balance	<u>(227,640)</u>	<u>(245,722)</u>	<u>(18,082)</u>
Fund balances--beginning	<u>1,009,652</u>	<u>1,009,652</u>	
Fund balances--ending	<u><u>\$782,012</u></u>	<u><u>\$763,930</u></u>	<u><u>(\$18,082)</u></u>

CAPITAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND  
 BALANCE - BUDGET AND ACTUAL (GAAP BUDGET)  
 FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes			
Payments in lieu of taxes	\$360,000	\$358,311	(\$1,689)
Intergovernmental revenue	5,109,000	3,954,759	(1,154,241)
Investment earnings	70,000	(27,121)	(97,121)
Special assessments	721,000	721,277	277
Refunds and reimbursements	560,000	272,544	(287,456)
Miscellaneous			
Total revenues	<u>6,820,000</u>	<u>5,279,770</u>	<u>(1,540,230)</u>
EXPENDITURES			
Capital improvements	<u>16,418,702</u>	<u>11,711,077</u>	<u>4,707,625</u>
Total expenditures	<u>16,418,702</u>	<u>11,711,077</u>	<u>4,707,625</u>
Deficiency of revenues over expenditures	(9,598,702)	(6,431,307)	3,167,395
OTHER FINANCING SOURCES (USES)			
Transfers in	5,662,000	3,983,204	(1,678,796)
General obligation bonds issued	241,000	238,111	(2,889)
Net change in fund balance	<u>(3,695,702)</u>	<u>(2,209,992)</u>	<u>1,485,710</u>
Fund balances--beginning	<u>23,187,795</u>	<u>23,187,795</u>	
Fund balances--ending	<u><u>\$19,492,093</u></u>	<u><u>\$20,977,803</u></u>	<u><u>\$1,485,710</u></u>

CAPITAL PROJECTS FUND  
DETAILED SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BUDGET)  
FOR THE YEAR ENDED DECEMBER 31, 2021

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Capital improvements:			
Traffic controls	\$1,052,402	\$1,025,413	\$26,989
Street construction	9,970,103	7,511,716	2,458,387
Drainage	25,000	7,300	17,700
Parks and recreation	3,266,906	1,450,661	1,816,245
Tree planting and landscaping	79,000	31,848	47,152
Other	<u>2,025,291</u>	<u>1,684,139</u>	<u>341,152</u>
Total capital projects fund	<u>\$16,418,702</u>	<u>\$11,711,077</u>	<u>\$4,707,625</u>



INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF NET POSITION  
 DECEMBER 31, 2021

	Administrative Operations	Health Insurance	Totals
<b>ASSETS</b>			
Current Assets:			
Pooled cash and investments	\$1,390,253	\$6,694,301	\$8,084,554
Accounts receivable	420	190,541	190,961
Prepaid items	22,771		22,771
Inventory	474,886		474,886
Total current assets	<u>1,888,330</u>	<u>6,884,842</u>	<u>8,773,172</u>
Noncurrent Assets:			
Net OPEB Asset	310,293		310,293
Capital assets:			
Buildings and improvements	839,698		839,698
Machinery and equipment	3,168,802		3,168,802
Less: Accumulated depreciation	<u>(2,813,700)</u>		<u>(2,813,700)</u>
Total noncurrent assets	<u>1,505,093</u>		<u>1,505,093</u>
Total assets	<u>3,393,423</u>	<u>6,884,842</u>	<u>10,278,265</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pensions and OPEB	694,444		694,444
Total deferred outflows	<u>694,444</u>		<u>694,444</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	100,810	19,873	120,683
Accrued payroll	117,412		117,412
Accrued health claims		750,634	750,634
Total current liabilities	<u>218,222</u>	<u>770,507</u>	<u>988,729</u>
Noncurrent liabilities:			
Accrued vacation and sick benefits due within 1 year	272,422		272,422
Accrued vacation and sick benefits due in more than 1 year	146,689		146,689
Net pension liability	2,484,384		2,484,384
Total noncurrent liabilities	<u>2,903,495</u>		<u>2,903,495</u>
Total liabilities	<u>3,121,717</u>	<u>770,507</u>	<u>3,892,224</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions and OPEB	2,638,156		2,638,156
Total deferred inflows	<u>2,638,156</u>		<u>2,638,156</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,194,800		1,194,800
Unrestricted	<u>(2,866,806)</u>	6,114,335	3,247,529
Total net position	<u>(\$1,672,006)</u>	<u>\$6,114,335</u>	<u>\$4,442,329</u>

**INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Administrative Operations	Health Insurance	Totals
<b>OPERATING REVENUES</b>			
Charges for services	\$6,527,928	\$7,911,717	\$14,439,645
Total operating revenues	<u>6,527,928</u>	<u>7,911,717</u>	<u>14,439,645</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,084,070		1,084,070
Repairs and maintenance	1,334,784		1,334,784
Contractual services	834,689	7,746,129	8,580,818
Other materials and expenses	282,926		282,926
Depreciation	240,391		240,391
Total operating expenses	<u>3,776,860</u>	<u>7,746,129</u>	<u>11,522,989</u>
Operating income (loss)	<u>2,751,068</u>	<u>165,588</u>	<u>2,916,656</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	(4,154)	(13,913)	(18,067)
Change in net position	2,746,914	151,675	2,898,589
Total net position--beginning	(4,418,920)	5,962,660	1,543,740
Total net position--ending	<u>(\$1,672,006)</u>	<u>\$6,114,335</u>	<u>\$4,442,329</u>

INTERNAL SERVICE FUNDS  
 COMBINING STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2021  
 Increase (Decrease) in cash

	Administrative Operations	Health Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received for services	\$6,518,117	\$7,788,479	\$14,306,596
Cash paid to suppliers for goods or services	(5,311,932)	(7,714,261)	(13,026,193)
Cash paid to employees for services	(1,164,589)		(1,164,589)
Net cash provided (used) by operating activities	<u>41,596</u>	<u>74,218</u>	<u>115,814</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(58,005)		(58,005)
Sale of capital assets	10,396		10,396
Net cash used by capital and related financing activities	<u>(47,609)</u>		<u>(47,609)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment earnings	(4,154)	(13,913)	(18,067)
Net cash provided (used) by investing activities	<u>(4,154)</u>	<u>(13,913)</u>	<u>(18,067)</u>
Net increase (decrease) in cash	(10,167)	60,305	50,138
Cash at beginning of year	1,400,420	6,633,995	8,034,415
Cash at end of year	<u>\$1,390,253</u>	<u>\$6,694,300</u>	<u>\$8,084,553</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$2,751,068	\$165,588	\$2,916,656
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	240,391		240,391
Increase (decrease) in net pension and OPEB liability	(4,810,487)		(4,810,487)
(Increase) decrease in deferred outflows - pension and OPEB	899,707		899,707
Increase (decrease) in deferred inflows - pension and OPEB	1,236,221		1,236,221
(Increase) decrease in receivables	585	(123,238)	(122,653)
(Increase) decrease in inventories	(196,851)		(196,851)
Increase (decrease) in accounts payable	9,995	15,795	25,790
Increase (decrease) in accrued health claims		16,073	16,073
Net (increase) decrease in other operating net position	<u>(89,033)</u>		<u>(89,033)</u>
Net cash provided (used) by operating activities	<u>\$41,596</u>	<u>\$74,218</u>	<u>\$115,814</u>

**CUSTODIAL FUNDS****COMBINING STATEMENT OF NET POSITION  
DECEMBER 31, 2021**

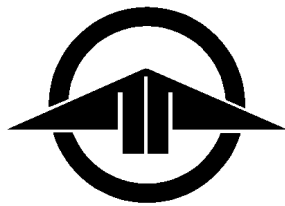
	<u>Municipal Court</u>	<u>Miscellaneous</u>	<u>Totals</u>
<b>ASSETS</b>			
Pooled cash and investments		\$5,525	\$5,525
Investments with fiscal agent, at fair value:			
Other investments	\$176,938		176,938
Total assets	<u>176,938</u>	<u>5,525</u>	<u>182,463</u>
<b>LIABILITIES</b>			
Accounts payable			
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations, and other governments	176,938	5,525	182,463
Total net position	<u>\$176,938</u>	<u>\$5,525</u>	<u>\$182,463</u>

**COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Municipal Court</u>	<u>Miscellaneous</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Municipal court collections	\$1,507,957		\$1,507,957
Miscellaneous		\$4,749	4,749
Total additions	<u>1,507,957</u>	<u>4,749</u>	<u>1,512,706</u>
<b>DEDUCTIONS</b>			
Municipal court disbursements	1,444,551		1,444,551
Miscellaneous payments		3,732	3,732
Total deductions	<u>1,444,551</u>	<u>3,732</u>	<u>1,448,283</u>
Net change in fund balance	63,406	1,017	64,423
Fund balances--beginning	113,532	4,508	118,040
Fund balances--ending	<u>\$176,938</u>	<u>\$5,525</u>	<u>\$182,463</u>

**DEBT SCHEDULE  
DECEMBER 31, 2021**

PURPOSE	Schedule of Bonds and Notes						Payments Due in 2022	
	Date Issued	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding	Principal	Interest	
General Obligation Bonds:								
Court facility refunding	2/4/2015	1.0-4.0	12/1/2024	\$2,215,000	\$770,000	\$250,000	\$20,700	
Court facility refunding premium					23,481			
Recreation & parks refunding	12/17/2019	2.12-2.66	12/1/2028	6,825,000	5,435,000	720,000	127,210	
Rec & parks refunding premium					63,832			
Fire station improvement	2/4/2015	1.0-4.0	12/1/2034	15,500,000	11,065,000	705,000	350,350	
Fire station improvement premium					134,563			
Police station improvement	2/12/2020	2.0-3.0	12/1/2039	8,300,000	7,590,000	345,000	167,750	
Police station improvement premium					335,977			
Total general obligation bonds					<u>25,417,853</u>	<u>2,020,000</u>	<u>666,010</u>	
Notes from Direct Borrowings:								
Ohio public works commission:								
Spaulding Road	12/1/2001	0.00	1/1/2023	1,520,719	114,054	76,036	0	
Bigger Road	12/1/2001	3.00	1/1/2024	511,071	81,705	31,954	2,213	
County Line Widening	12/31/2002	0.00	7/1/2023	686,098	68,609	34,305	0	
Ridgeway Bridge	12/31/2021	0.00	7/1/2052	238,110	238,110	-	0	
Total notes from Direct Borrowings					<u>502,478</u>	<u>142,295</u>	<u>2,213</u>	
Total					<u>\$25,920,331</u>	<u>\$2,162,295</u>	<u>\$668,223</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.

<u>Category</u>	<u>Schedule #s</u>
<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.

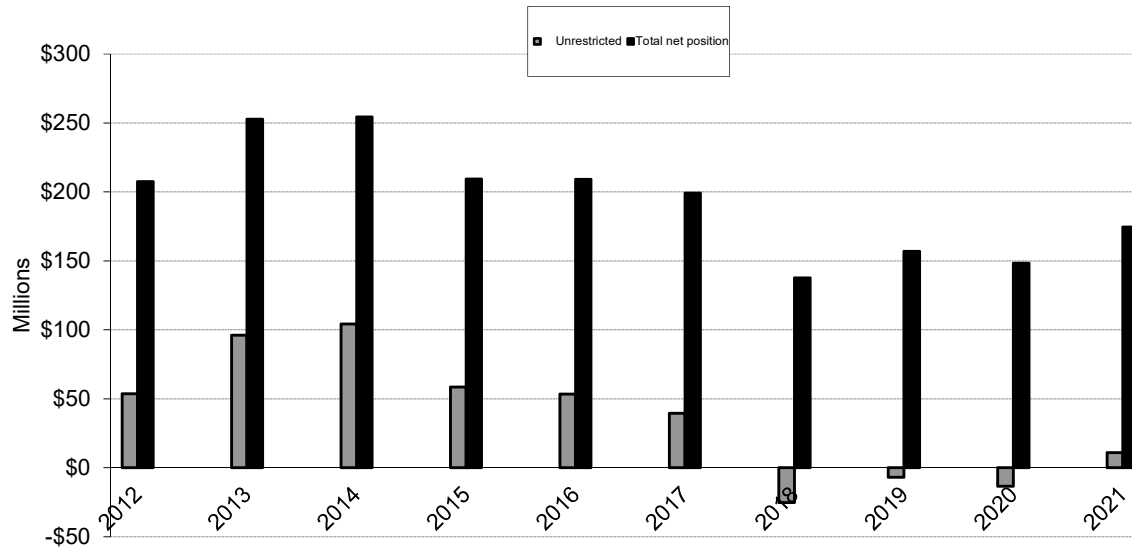
NET POSITION BY CATEGORY

LAST TEN YEARS (accrual basis of accounting)

	Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$138,528,286	\$141,039,021	\$145,363,355	\$145,786,739	\$150,978,928	\$154,876,124	\$157,924,500	\$158,460,521	\$156,490,367	\$158,809,317
Restricted for:										
Debt service	867,379	834,621	901,840	1,116,296	1,084,375	1,024,676	1,069,750	1,149,303	1,009,652	763,930
Social services	1,412,417	1,654,973	1,364,088	1,394,703	1,219,193	1,303,652	1,286,271	1,283,651	1,295,870	1,262,524
Public safety	11,231,818	11,346,847	770,562	516,345	432,816	316,753	380,171	396,502	617,368	358,083
Leisure services	35,726	46,416	32,138	54,890	52,356	57,939	49,820	47,492	47,636	53,099
Municipal court activities	1,632,059	1,624,709	1,638,022	1,681,096	1,744,044	1,872,578	1,902,002	2,040,842	2,100,105	2,242,334
Other purposes	98,742	149,788	152,478	209,169	96,706	139,230	186,229	275,921	129,349	200,508
Unrestricted	53,724,515	96,058,893	104,189,524	58,559,952	53,535,178	39,557,527	(25,181,828)	(6,774,552)	(13,294,368)	10,916,922
Total net position	<u>\$207,530,942</u>	<u>\$252,755,268</u>	<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>

**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)**

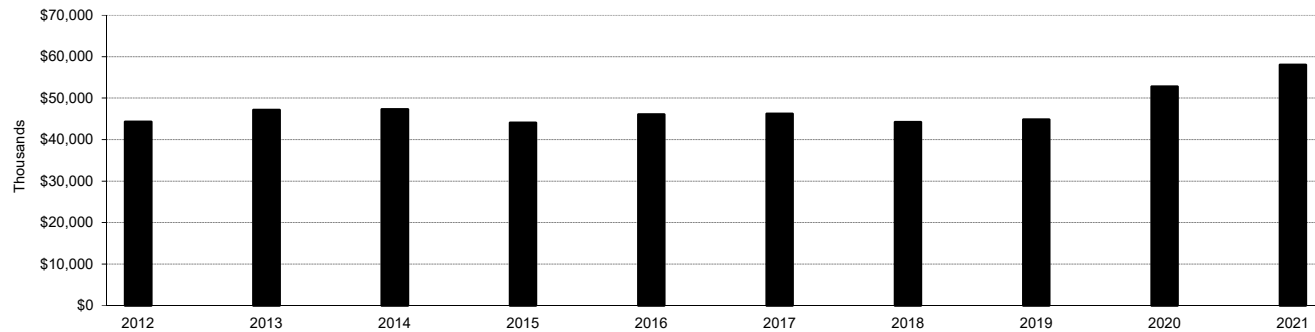
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<b>Expenses</b>										
General government	\$14,533,955	\$14,294,069	\$15,387,775	\$15,594,623	\$15,634,860	\$17,835,211	\$19,692,377	\$21,602,096	\$24,037,345	\$9,704,349
Police	14,631,811	14,806,948	15,015,613	15,855,597	17,158,438	15,327,428	19,660,703	4,716,597	20,021,648	16,306,176
Fire	10,903,086	11,303,884	11,574,483	12,238,987	14,562,573	19,797,057	18,131,408	1,891,292	18,873,721	16,593,315
Public works	14,186,561	13,726,430	14,548,773	14,824,412	14,974,876	17,497,488	16,800,509	18,628,436	17,479,111	12,105,718
Leisure services	14,030,681	14,949,267	15,285,794	15,228,586	17,396,893	19,179,484	18,619,650	20,869,470	10,962,952	10,385,194
Interest on long term debt	585,092	547,172	526,129	928,772	840,510	799,738	745,258	593,985	679,438	663,177
<b>Total expenses</b>	<u>68,871,186</u>	<u>69,627,770</u>	<u>72,338,567</u>	<u>74,670,977</u>	<u>80,568,150</u>	<u>90,436,406</u>	<u>93,649,905</u>	<u>68,301,876</u>	<u>92,054,215</u>	<u>65,757,929</u>
<b>Program Revenues</b>										
Charges for services:										
General government	2,530,640	2,377,070	2,321,931	2,676,780	2,600,210	2,585,743	2,607,383	2,419,396	1,750,293	2,158,087
Fire	1,529,866	1,444,912	1,511,654	1,604,628	1,618,549	1,188,940	1,402,403	1,556,348	1,293,257	1,248,690
Leisure services	6,999,653	7,222,684	7,643,607	7,523,924	8,187,761	6,928,426	7,494,332	8,038,621	1,187,103	4,646,071
Other activities	48,366	57,993	47,542	38,660	37,977	47,917	49,219	38,950	44,871	33,768
Operating grants and contributions	1,431,456	1,790,624	1,434,454	2,188,592	1,712,929	1,516,856	1,556,208	1,446,630	4,884,548	5,803,679
Capital grants and contributions:										
Public works	4,812,912	5,000,557	2,922,365	1,290,531	3,950,236	4,052,442	1,871,684	4,050,782	3,026,141	6,315,739
Other activities	771,398	271,331	72,935	26,296	20,815	0	0	0	0	0
<b>Total program revenues</b>	<u>18,124,291</u>	<u>18,165,171</u>	<u>15,954,488</u>	<u>15,349,411</u>	<u>18,128,477</u>	<u>16,320,324</u>	<u>14,981,229</u>	<u>17,550,727</u>	<u>12,186,213</u>	<u>20,206,034</u>
<b>Net (Expense)/Revenue <sup>1</sup></b>										
General government	(10,504,831)	(10,730,626)	(12,330,676)	(11,520,415)	(11,958,063)	(14,396,714)	(16,138,968)	(18,392,872)	(20,873,001)	(5,363,425)
Police	(14,558,780)	(14,768,131)	(14,957,063)	(15,802,411)	(17,124,082)	(15,254,234)	(19,623,316)	(4,648,370)	(19,983,855)	(16,214,421)
Fire	(9,373,220)	(9,858,972)	(10,060,676)	(10,600,358)	(12,941,202)	(18,604,992)	(16,713,639)	(294,184)	(14,227,627)	(15,286,769)
Public works	(9,360,343)	(8,703,648)	(11,616,128)	(13,511,013)	(11,009,852)	(13,427,286)	(14,907,715)	(14,561,904)	(14,436,030)	(5,769,219)
Leisure services	(6,364,629)	(6,854,050)	(6,893,407)	(6,958,597)	(8,565,964)	(11,633,118)	(10,539,780)	(12,259,834)	(9,668,051)	(2,254,884)
Interest on long term debt	(585,092)	(547,172)	(526,129)	(928,772)	(840,510)	(799,738)	(745,258)	(593,985)	(679,438)	(663,177)
<b>Total net expense</b>	<u>(50,746,895)</u>	<u>(51,462,599)</u>	<u>(56,384,079)</u>	<u>(59,321,566)</u>	<u>(62,439,673)</u>	<u>(74,116,082)</u>	<u>(78,668,676)</u>	<u>(50,751,149)</u>	<u>(79,868,002)</u>	<u>(45,551,895)</u>
<b>General Revenues</b>										
Taxes										
Income taxes	42,345,005	39,240,269	42,905,808	44,596,261	47,782,561	48,736,262	47,490,344	51,649,781	51,868,398	52,995,180
Property taxes, levied for general purposes	7,278,599	7,161,176	5,821,692	5,585,311	5,672,208	5,645,036	6,134,096	6,191,991	6,234,165	7,057,204
Property taxes, levied for debt service	897,462	883,105	763,381	735,848	747,707	744,124	808,535	816,126	696,862	741,757
Other taxes	6,253,383	47,022,663	4,782,894	3,897,584	3,771,345	3,713,967	3,745,264	4,644,136	5,359,373	5,313,510
Investment earnings	791,959	305,672	563,252	651,249	1,038,317	1,022,835	1,539,998	2,156,124	942,849	(139,391)
Refunds & reimbursements	1,801,694	1,938,118	1,936,888	1,798,358	1,736,932	2,321,113	2,108,651	2,144,554	3,606,048	1,803,150
Miscellaneous	186,924	135,922	1,266,903	1,576,009	1,515,009	1,937,628	3,181,128	2,411,202	2,676,606	3,991,223
<b>Total general revenues</b>	<u>59,555,026</u>	<u>96,686,925</u>	<u>58,040,818</u>	<u>58,840,620</u>	<u>62,264,079</u>	<u>64,120,965</u>	<u>65,008,016</u>	<u>70,013,914</u>	<u>71,384,301</u>	<u>71,762,633</u>
<b>Change in Net Position</b>	<u>\$8,808,131</u>	<u>\$45,224,326</u>	<u>\$1,656,739</u>	<u>(\$480,946)</u>	<u>(\$175,594)</u>	<u>(\$9,995,117)</u>	<u>(\$13,660,660)</u>	<u>\$19,262,765</u>	<u>(\$8,483,701)</u>	<u>\$26,210,738</u>

(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)

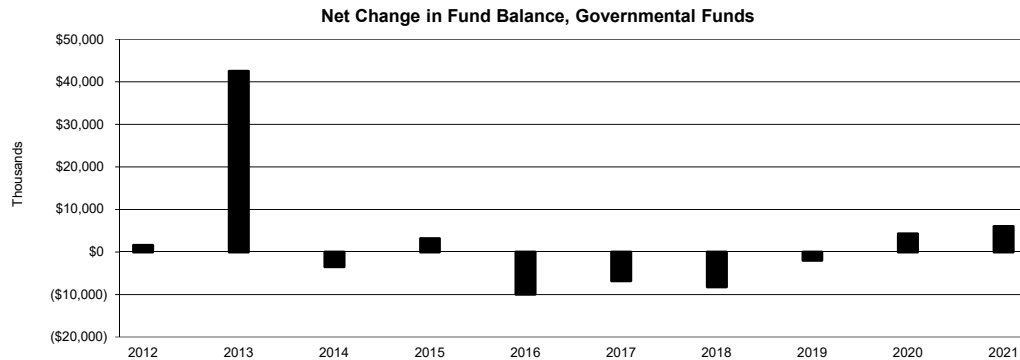
	Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Reserved										
Unreserved										
Nonspendable	\$16,988	\$18,449	\$256,066	\$1,458,395	\$3,018,822	\$6,685,095	\$5,827,996	\$6,795,622	\$3,298,249	\$3,094,380
Committed	1,517,592	2,178,599	2,570,595	5,758,268	4,676,778	1,997,648	2,285,698	1,788,495	2,337,810	3,286,123
Assigned				5,752,730	5,056,600	5,689,530	6,492,300	2,644,380	3,479,850	5,517,750
Unassigned	42,706,182	44,877,690	44,395,102	31,021,920	33,259,603	31,806,730	29,530,825	33,574,751	43,612,117	46,084,805
Total general fund	<u>\$44,240,762</u>	<u>\$47,074,738</u>	<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>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue funds										
Debt service fund										
Capital project fund										
Nonspendable, reported in:										
Special revenue funds	\$147,470	\$205,180	\$493,470	\$260,042	\$304,729	\$239,859	\$197,556	\$328,091	\$561,378	\$192,249
Restricted, reported in:										
Special revenue funds	14,101,831	14,275,357	3,693,414	3,657,802	3,271,410	3,421,958	3,699,296	3,840,713	3,668,264	3,835,288
Debt service fund	867,379	834,621	901,840	1,116,296	1,084,375	1,024,676	1,069,750	1,149,303	1,009,652	763,930
Capital project fund				5,519,305	59,300				292,647	
Committed, reported in:										
Special revenue funds	3,169,632	3,660,390	4,547,399	4,970,215	4,829,640	3,200,811	3,645,993	3,790,799	2,927,392	6,297,964
Capital project fund	2,022,492	41,243,102	46,848,146	47,224,420	41,227,972	35,927,245	29,056,422	25,905,092	22,895,148	20,977,803
Unassigned, reported in:										
Special revenue funds		(242,312)	(111,184)							
Total all other governmental funds	<u>\$20,308,804</u>	<u>\$59,976,338</u>	<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>

General Fund Balance



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>REVENUES</b>										
Income taxes	\$39,891,659	\$39,386,072	\$41,624,574	\$44,120,027	\$46,876,012	\$48,734,275	\$47,663,176	\$51,507,371	\$51,818,582	\$53,952,954
Property taxes	8,131,160	8,043,981	7,649,073	6,321,159	6,419,914	6,389,161	6,942,631	7,008,116	6,931,027	7,798,961
Licenses and permits	525,190	538,267	524,535	716,026	639,347	605,589	751,369	762,716	486,764	580,220
Intergovernmental revenue	11,090,451	50,075,115	7,781,607	6,783,492	8,701,687	8,372,958	6,643,809	8,925,688	12,550,337	17,073,200
Charges for services	8,794,951	8,937,684	9,349,002	9,370,812	9,978,265	8,638,316	9,223,695	9,727,383	2,600,875	6,013,786
Fines and forfeits	1,837,695	1,640,474	1,586,868	1,732,868	1,719,753	1,771,799	1,662,274	1,522,604	1,127,622	1,477,978
Investment earnings	791,959	305,673	563,252	651,249	1,038,318	1,022,836	1,539,999	2,156,124	942,849	(139,392)
Special assessments	965,122	961,250	934,463	1,015,407	1,080,565	1,220,260	1,141,200	1,340,996	1,106,950	1,129,336
Refunds and reimbursements	2,227,342	2,884,888	2,674,641	2,497,078	2,386,191	2,997,010	2,853,118	2,574,769	4,629,801	2,650,445
Miscellaneous	754,921	737,739	812,423	1,146,765	1,056,410	1,123,573	1,049,927	1,148,121	646,476	1,676,765
<b>Total revenues</b>	<b>75,010,450</b>	<b>113,511,143</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>EXPENDITURES</b>										
<b>Current:</b>										
General government	12,553,463	12,815,451	13,863,291	14,845,101	14,057,455	14,866,775	16,807,608	16,642,473	19,341,949	16,368,134
Police	14,822,534	14,957,275	15,117,925	16,152,056	16,408,363	16,400,519	16,696,824	17,032,229	16,833,060	17,767,620
Fire	10,794,655	10,935,461	12,648,860	12,324,248	12,709,452	14,301,238	14,656,578	14,414,999	15,334,053	15,309,972
Public works	8,395,339	8,314,119	9,072,077	9,664,515	9,365,153	9,559,765	9,610,546	9,738,693	8,868,568	8,979,776
Leisure services	12,551,728	13,361,686	13,727,217	13,727,146	15,247,453	14,576,209	14,995,154	16,337,811	9,467,195	12,825,929
Capital improvements	13,270,898	9,546,221	11,342,544	18,193,929	20,114,999	16,332,880	14,276,797	13,200,639	15,653,697	14,127,409
<b>Debt service:</b>										
Principal	1,092,888	848,799	869,735	1,440,945	1,547,660	1,587,541	1,633,580	1,684,645	2,167,396	2,116,357
Interest	599,394	559,885	539,555	824,584	874,380	834,945	779,606	734,691	713,531	713,281
<b>Total expenditures</b>	<b>74,080,899</b>	<b>71,338,897</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>
Excess (deficiency) of revenues over expenditures	929,551	42,172,246	(3,680,766)	(12,817,641)	(10,428,453)	(7,584,095)	(9,985,495)	(3,112,292)	(5,538,166)	4,005,775
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	11,903,130	10,434,938	24,189,786	17,163,833	14,561,565	17,159,382	17,136,977	17,366,791	11,818,597	15,503,521
Transfers out	(11,903,130)	(10,434,938)	(24,189,786)	(17,163,833)	(14,561,565)	(17,159,382)	(17,136,977)	(17,366,791)	(11,818,597)	(15,503,521)
General obligation debt issuance				15,734,713				65,621	8,673,308	238,111
Sale of city assets	597,935	329,264	224,538	227,473	478,289	788,418	1,797,781	1,058,081	1,130,119	1,723,899
Net change in fund balance	<u>\$1,527,486</u>	<u>\$42,501,510</u>	<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>
Debt service as a percentage of noncapital expenditures	2.72%	2.25%	2.18%	3.31%	3.42%	3.23%	3.13%	3.08%	3.95%	3.72%

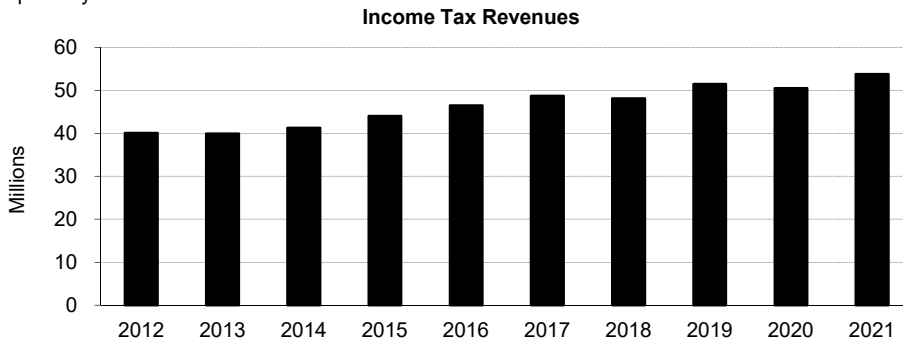


INCOME TAX BY PAYER TYPE AND INCOME TAX RATE  
LAST TEN YEARS (cash basis of accounting)

Year	Individual		Total Individual	Corporate	Partnership	Total	Income Tax Rate
	Withholding	Non-withholding					
2012	30,426,208	4,607,103	35,033,311	3,489,120	1,522,725	40,045,156	2.25%
2013	30,215,329	4,921,938	35,137,267	3,192,769	1,570,281	39,900,317	2.25%
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%

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)

	2021					
	Individual		Total Individual	Corporate	Partnership	Total
	Withholding	Non-withholding				
Top Ten	17,251,507	364,985	17,616,492	5,544,923	1,131,116	24,292,531
All Others	21,775,898	5,361,604	27,137,502	1,768,217	597,408	29,503,127
Top Ten % of Total	44.2%	6.4%	39.4%	75.8%	65.4%	45.2%

	2011					
	Individual		Total Individual	Corporate	Partnership	Total
	Withholding	Non-withholding				
Top Ten	11,842,014	122,975	11,964,989	1,627,499	605,727	14,198,215
All Others	17,803,843	3,961,967	21,765,810	1,076,779	408,077	23,250,666
Top Ten % of Total	39.9%	3.0%	35.5%	60.2%	59.7%	37.9%

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>2012</u>	<u>2013</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>
General Obligation Bonds	\$13,425,000	\$12,750,000	\$12,055,000	\$26,325,000	\$25,337,079	\$23,876,912	\$22,371,747	\$20,786,469	\$27,438,815	\$25,417,853
Percent of estimated actual property value	0.42%	0.40%	0.38%	0.87%	0.84%	0.79%	0.69%	0.63%	0.83%	0.66%
Per capita	239	227	215	469	451	425	398	370	489	439
Special Assessment Bonds										
Promissory Notes	1,756,027	1,582,228	1,407,493	1,236,548	1,073,888	916,347	757,767	598,122	405,725	502,478
Total Gross Indebtedness	15,181,027	14,332,228	13,462,493	27,561,548	26,410,967	24,793,259	23,129,514	21,384,591	27,844,540	25,920,331
Percentage of personal income	0.77%	0.73%	0.67%	1.33%	1.21%	1.10%	1.03%	0.88%	1.16%	1.04%
Per capita	270	255	240	491	470	441	412	381	496	448
Less debt outside limitations:										
Special Assessment Debt										
Promissory Notes	1,756,027	1,582,228	1,407,493	1,236,548	1,073,888	916,347	757,767	598,122	405,725	502,478
Less debt service fund balance	867,379	834,621	901,840	1,116,296	1,084,375	1,024,676	1,069,750	1,149,303	1,009,652	763,930
Net debt within limitations for both										
Voted and Unvoted debt	12,557,621	11,915,379	11,153,160	25,208,704	24,252,704	22,852,236	21,301,997	19,637,166	26,429,163	24,653,923
Debt limitation for both Voted and Unvoted debt										
10.5% of assessed valuation	117,348,942	117,738,192	116,866,227	111,440,775	111,308,207	111,698,952	119,810,981	121,128,614	122,057,309	140,873,034
Legal debt margin for Voted and Unvoted debt	\$104,791,321	\$105,822,813	\$105,713,067	\$86,232,071	\$87,055,503	\$88,846,716	\$98,508,984	\$101,491,448	\$95,628,146	\$116,219,111
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	10.70%	10.12%	9.54%	22.62%	21.79%	20.46%	17.78%	16.21%	21.65%	17.50%
Net debt within limitations for both										
Voted and Unvoted limitation	\$12,557,621	\$11,915,379	\$11,153,160	\$25,208,704	\$24,252,704	\$22,852,236	\$21,301,997	\$19,637,166	\$26,429,163	\$24,653,923
Less voted debt	10,685,000	10,190,000	9,685,000	9,160,000	8,763,145	8,181,157	7,574,170	6,907,070	6,207,951	5,498,832
Net debt within limitations for Unvoted debt	1,872,621	1,725,379	1,468,160	16,048,704	15,489,559	14,671,079	13,727,827	12,730,096	20,221,212	19,155,091
Debt limitation for Unvoted debt										
5.5% of assessed valuation	61,468,493	61,672,386	61,215,643	58,373,739	58,304,299	58,508,975	62,758,133	63,448,322	63,934,781	73,790,637
Legal debt margin for Unvoted debt	\$59,595,872	\$59,947,007	\$59,747,483	\$42,325,035	\$42,814,740	\$43,837,896	\$49,030,306	\$50,718,226	\$43,713,569	\$54,635,546
Net debt within limitations for Unvoted debt as a percentage of debt limit	3.05%	2.80%	2.40%	27.49%	26.57%	25.07%	21.87%	20.06%	31.63%	25.96%

Source: City of Kettering, Ohio, Finance Department

DIRECT AND OVERLAPPING DEBT  
DECEMBER 31, 2021

Jurisdiction	Debt Outstanding	Percentage Applicable to City of Kettering <sup>1</sup>	Amount Applicable to City of Kettering
City of Kettering	\$25,920,331	100.0%	\$25,920,331
Overlapping debt:			
Kettering City School District	41,603,692	91.4%	38,025,774
Montgomery County	7,125,000	12.3%	876,375
Beavercreek Local School District	61,255,132	0.8%	490,041
Total overlapping debt	109,983,824		39,392,190
Total direct and overlapping debt	\$135,904,155		\$65,312,521

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.

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>
2012	56,163	1,960,626,848	34,910	7.0%	110,466	1,117,608,970	3,187,939,565
2013	56,163	1,960,626,848	34,910	7.1%	114,781	1,118,117,290	3,189,050,388
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

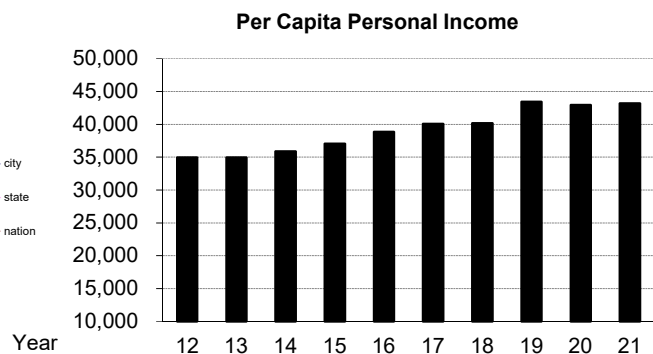
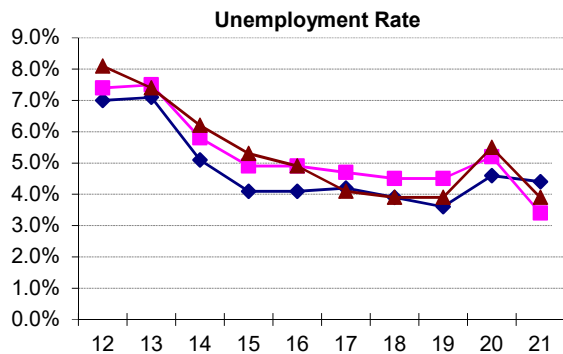
(1) 2020 United States Census Bureau

(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	2021		2011	
	Employees	% of Total City Employment	Employees	% of Total City Employment
Kettering Health	3,570	12.53%	Kettering Medical Center <sup>2</sup>	3,300 12.55%
Reynolds & Reynolds Company	1,350	4.74%	GE Money	1,450 5.51%
Kettering City Schools	1,155	4.05%	Reynolds & Reynolds Company	1,150 4.37%
Mast Global Digital <sup>1</sup>	1,000	3.51%	Kettering City Schools	1,032 3.92%
Alternate Solutions Health Network	740	2.60%	Limited Brands Inc <sup>1</sup>	1,000 3.80%
Tenneco	564	1.98%	City of Kettering	900 3.42%
Meijer Inc.	550	1.93%	Eastman Kodak Company	600 2.28%
City of Kettering	545	1.91%	Kroger	630 2.40%
Spectrum	500	1.75%	Meijer Inc.	550 2.09%
<b>Total</b>	<b>9,974</b>	<b>35.00%</b>	<b>Total</b>	<b>10,612 40.35%</b>

Source: City of Kettering, Ohio, Office of Economic Development

(1) Mast Global Digital and Limited Brands Inc are both owned by L Brands

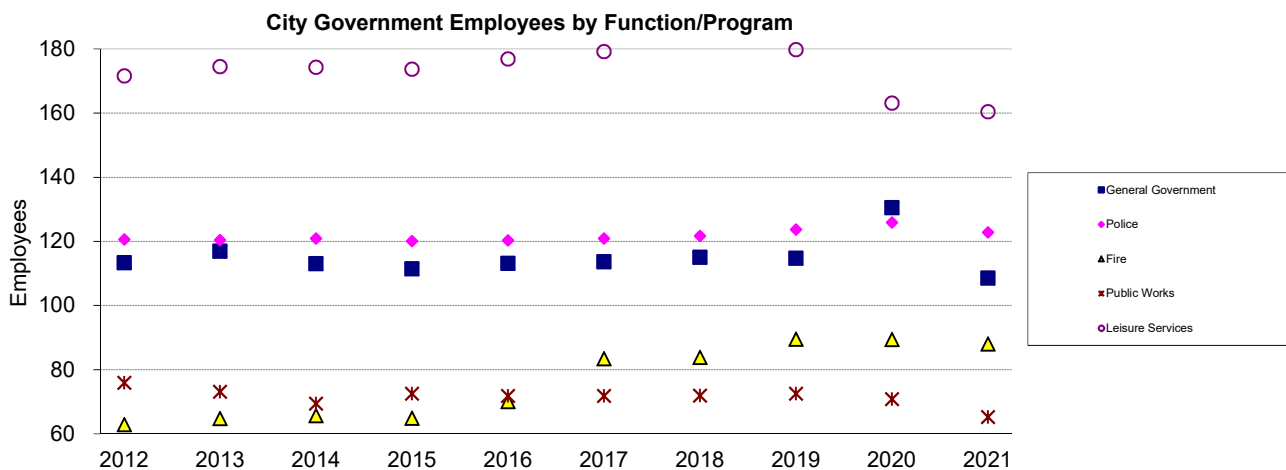
(2) Kettering Medical Center is now Kettering Health

SCHEDULE 11

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

Function/program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	113.3	116.9	113.0	111.4	113.1	113.6	115.0	114.7	130.5	108.5
Police	120.6	120.4	120.9	120.1	120.3	120.9	121.7	123.7	125.9	122.8
Fire	62.9	64.7	65.7	64.8	70.0	83.4	83.7	89.5	89.4	88.0
Public Works	75.9	73.2	69.4	72.5	71.8	71.9	72.0	72.5	70.8	65.3
Leisure Services	171.5	174.5	174.3	173.7	176.9	179.1	180.1	179.8	163.1	160.5
<b>Total</b>	<b>544.2</b>	<b>549.6</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>

Source: City of Kettering, Ohio, Finance Department



OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN YEARS

<u>Function/program</u>	<u>2012</u>	<u>2013</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>
General Government										
Positions filled <sup>1</sup>	21	26	24	38	38	36	22	24	11	29
Permits issued <sup>2</sup>	2,520	2,705	3,249	2,679	3,180	3,975	3,304	3,655	3,113	4,592
Inspections performed <sup>2</sup>	6,100	6,118	6,115	6,260	7,024	8,424	8,374	8,399	4,527	5,245
CDBG loan applications <sup>3</sup>	60	36	51	75	62	58	33	34	141	15
Payroll checks processed <sup>4</sup>	20,873	20,712	21,287	22,310	21,350	21,446	21,212	23,645	16,025	16,948
Purchase orders issued <sup>5</sup>	2,000	2,051	2,030	1,984	1,880	2,156	1,943	2,063	1,621	2,072
Ordinances & resolutions <sup>6</sup>	201	162	172	185	182	210	178	175	135	170
Court cases <sup>7</sup>	18,640	17,630	16,710	14,970	15,739	15,499	14,338	12,428	8,659	10,952
Police										
Criminal arrests <sup>8</sup>	3,400	3,201	3,059	3,299	4,059	4,414	3,905	3,227	1,306	1,373
Calls for service <sup>9</sup>	66,441	64,962	60,686	61,085	68,614	73,752	60,348	54,079	41,305	62,246
Fire										
Fire alarms <sup>10</sup>	1,786	1,990	1,664	1,851	1,719	1,816	1,874	1,742	1,880	1,957
Medic alarms <sup>10</sup>	5,565	5,490	6,192	6,596	6,925	7,109	7,096	7,293	6,498	7,208
Public Works										
Asphalt resurfacing (miles) <sup>11</sup>	9	10	10	9	18	18	14	10	9	16
Truckloads of leaves picked-up <sup>12</sup>	1,298	1,540	1,660	1,525	1,358	1,166	1,730	1,432	1,300	1,023
Tons of snow melting salt used <sup>12</sup>	1,603	5,529	5,397	3,808	3,655	1,222	5,225	4,575	1,653	4,002
Leisure Services										
Recreation complex attendance <sup>13</sup>	1,046,817	1,009,534	927,240	887,967	835,631	787,307	823,675	739,612	284,600	420,000
Fraze Pavilion tickets sold <sup>13</sup>	90,343	97,975	97,958	99,462	92,317	77,393	74,358	80,341	0	43,455

(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 Department. Community Development Block Grant (CDBG) loan applications processed include housing rehabilitation, purchase rehabilitation, and business loan applications.

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

(5) City of Kettering, Finance Department.

(6) City of Kettering, Law Department

(7) City of Kettering, Municipal Court

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

(9) City of Kettering, Police Department.

(10) City of Kettering, Fire Department.

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

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

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

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

<u>Function/program</u>	<u>2012</u>	<u>2013</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>
General Government										
Square footage occupied <sup>1,4</sup>	54,933	54,933	54,933	54,933	54,933	54,933	54,933	54,933	54,933	83,421
Police										
Stations <sup>1</sup>	1	1	1	1	1	1	1	1	1	1
Square footage of building <sup>1,4</sup>	16,515	16,515	16,515	16,515	16,515	16,515	16,515	16,515	16,515	32,590
Fire										
Stations <sup>1</sup>	7	6	6	5	5	5	5	5	5	4
Public Works										
Miles of roads <sup>2</sup>	247	248	248	248	248	248	248	248	248	249
Miles of storm sewer/channel <sup>2</sup>	175	175	175	176	176	176	176	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	161,119	161,119	158,347

(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 and an addition to the Police Station.