

CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO

Basic Financial Statements
(Audited)

For the Year Ended
December 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Englewood
333 West National Road
Englewood, Ohio 45322

We have reviewed the *Independent Auditor's Report* of the City of Englewood, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 7, 2020

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

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Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Englewood's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City of Englewood's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City of Englewood's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General, Fire and Rescue, Police, and Street funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City of Englewood. As discussed in Note 3 to the financial statements, during 2019, the City of Englewood adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the City of Englewood'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 of Englewood's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 29, 2020

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

The management's discussion and analysis of the City of Englewood's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The total net position of the City increased \$4,144,143. Net position of governmental activities increased \$3,891,179 or 11.14% from 2018's restated net position and net position of business-type activities increased \$252,964 or 1.19% from 2018's net position.
- General revenues accounted for \$11,320,050 or 76.21% of total governmental activities revenue. Program specific revenues accounted for \$3,532,761 or 23.79% of total governmental activities revenue.
- The City had \$10,961,632 in expenses related to governmental activities; \$3,532,761 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$7,428,871 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$11,320,050.
- The general fund had revenues and other financing sources of \$10,211,308 in 2019. This represents an increase of \$1,184,664 from 2018. The expenditures and other financing uses of the general fund, which totaled \$11,025,094 in 2019, increased \$2,161,982 from 2018. Expenditures excluding transfers increased \$9,553. The net decrease in fund balance for the general fund was \$813,786 or 11.79% over the 2018 restated balance.
- The fire and rescue fund had revenues and other financing sources of \$2,562,924 in 2019. This represents an increase of \$231,366 from 2018 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$2,462,428 in 2019, increased \$57,660 from 2018. State grant revenue partially offset capital acquisitions, and EMS service revenue offset the cost of increased staffing. The net increase in fund balance for the fire and rescue fund was \$100,496 or 27.47%.
- The police fund had revenues and other financing sources of \$3,595,997 in 2019. This represents an increase of \$278,170 from 2018 revenues and other sources. The expenditures of the police fund, which totaled \$3,263,500 in 2019, increased \$31,574 from 2018. The net increase in fund balance for the police fund was \$332,497 or 92.56%.
- The street fund had revenues and other financing sources of \$2,694,733 in 2019. This represents an increase of \$1,029,157 from 2018 revenues and other financing sources. The expenditures of the street fund, which totaled \$2,155,989 in 2019, increased \$19,216 from 2018. The net increase in the fund balance for the street fund, including the increase in reserve for inventory, was \$610,788 or 61.26%.
- The bond retirement fund had other financing sources of \$34,100 in 2019. The expenditures of the bond retirement fund totaled \$158,125 in 2019. The net decrease in the fund balance for the bond retirement fund was \$124,025 or 2043.58%.
- The capital improvement fund had revenues and other financing sources of \$1,756,069 in 2019. The expenditures of the capital improvement fund totaled \$1,647,693 in 2019. The net increase in the fund balance for the capital improvement fund was \$108,376 or 1.85%.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, increased in 2019 by \$252,964.
- Budgetary information is presented for the general fund, fire and rescue fund, police fund and street fund. In the general fund, the actual revenues and other financing sources came in \$859,318 more than they were in the final budget and actual expenditures and other financing uses were \$707,790 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$1,805,518 from the original to the final budget and budgeted expenditures and other financing uses increased \$581,679 from the original to the final budget.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The City's statement of net position and statement of activities can be found on pages 20-22 of this report.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 13.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, fire and rescue fund, police fund, street fund, bond retirement fund and capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 23-32 of this report.

Proprietary Funds

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

Fiduciary Funds

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

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position for 2019 compared to 2018. The net position has been restated as described in Note 3B.

	Net Position					
	2019 Governmental Activities	Restated 2018 Governmental Activities	2019 Business-type Activities	2018 Business-type Activities	2019 Total	Restated 2018 Total
Assets						
Current and other assets	\$ 27,255,960	\$ 21,096,895	\$ 3,123,111	\$ 5,572,244	\$ 30,379,071	\$ 26,669,139
Capital assets, net	<u>32,798,222</u>	<u>32,693,495</u>	<u>20,520,358</u>	<u>17,856,053</u>	<u>53,318,580</u>	<u>50,549,548</u>
Total assets	<u>60,054,182</u>	<u>53,790,390</u>	<u>23,643,469</u>	<u>23,428,297</u>	<u>83,697,651</u>	<u>77,218,687</u>
Deferred outflows	<u>5,791,660</u>	<u>4,060,539</u>	<u>521,782</u>	<u>318,213</u>	<u>6,313,442</u>	<u>4,378,752</u>
Liabilities						
Current liabilities	5,782,499	794,912	416,151	728,403	6,198,650	1,523,315
Long-term liabilities:						
Due within one year	371,251	321,542	43,096	42,959	414,347	364,501
Net pension liability	14,040,843	9,946,122	1,509,735	919,106	15,550,578	10,865,228
Net OPEB liability	3,404,015	8,293,829	670,171	594,274	4,074,186	8,888,103
Other liabilities	<u>341,181</u>	<u>383,969</u>	<u>13,040</u>	<u>20,732</u>	<u>354,221</u>	<u>404,701</u>
Total liabilities	<u>23,939,789</u>	<u>19,740,374</u>	<u>2,652,193</u>	<u>2,305,474</u>	<u>26,591,982</u>	<u>22,045,848</u>
Deferred inflows	<u>3,085,094</u>	<u>3,180,775</u>	<u>87,192</u>	<u>268,134</u>	<u>3,172,286</u>	<u>3,448,909</u>
Net Position						
Net investment in capital assets	32,798,222	32,693,495	20,465,809	17,856,053	53,264,031	50,549,548
Restricted	2,603,649	1,319,987	-	-	2,603,649	1,319,987
Unrestricted	<u>3,419,088</u>	<u>916,298</u>	<u>960,057</u>	<u>3,316,849</u>	<u>4,379,145</u>	<u>4,233,147</u>
Total net position	<u>\$ 38,820,959</u>	<u>\$ 34,929,780</u>	<u>\$ 21,425,866</u>	<u>\$ 21,172,902</u>	<u>\$ 60,246,825</u>	<u>\$ 56,102,682</u>

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

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

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

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$60,246,825. At year-end, net position was \$38,820,959 and \$21,425,866 for governmental activities and business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets net represented 63.70% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, software, and infrastructure. The City's net investment in capital assets at December 31, 2019, was \$32,798,222 and \$20,465,809 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

As of December 31, 2019, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$2,603,649 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$3,419,088 may be used to meet the government's ongoing obligations to citizens and creditors.

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CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The table below shows the changes in net position for years 2019 and 2018. The net position at December 31, 2018 has been restated as described in Note 3B.

Change in Net Position

	2019 Governmental Activities	Restated 2018 Governmental Activities	2019 Business-Type Activities	2018 Business-Type Activities	2019 Total	Restated 2018 Total
Revenues						
Program revenues:						
Charges for services	\$ 2,486,215	\$ 2,041,526	\$ 3,995,884	\$ 3,614,497	\$ 6,482,099	\$ 5,656,023
Operating grants and contributions	909,355	804,353	-	-	909,355	804,353
Capital grants and contributions	137,191	170,918	197,222	238,501	334,413	409,419
Total program revenues	3,532,761	3,016,797	4,193,106	3,852,998	7,725,867	6,869,795
General revenues:						
Property taxes	1,723,652	1,673,094	-	-	1,723,652	1,673,094
Income taxes	7,956,825	7,139,080	-	-	7,956,825	7,139,080
Unrestricted grants and entitlements	407,615	445,667	-	-	407,615	445,667
Payment in lieu of taxes	513,092	421,899	-	-	513,092	421,899
Investment earnings	424,866	260,850	40,001	31,480	464,867	292,330
Change in fair market value	157,598	-	-	-	157,598	-
Miscellaneous	136,402	48,678	64,095	71,564	200,497	120,242
Total general revenues	11,320,050	9,989,268	104,096	103,044	11,424,146	10,092,312
Total revenues	14,852,811	13,006,065	4,297,202	3,956,042	19,150,013	16,962,107
Expenses:						
General government	2,234,184	2,336,173	-	-	2,234,184	2,336,173
Security of persons and property	3,343,738	8,164,404	-	-	3,343,738	8,164,404
Public health and welfare	3,620	3,883	-	-	3,620	3,883
Transportation	3,740,787	4,441,248	-	-	3,740,787	4,441,248
Community environment	752,203	686,529	-	-	752,203	686,529
Leisure time activity	737,766	519,065	-	-	737,766	519,065
Interest and fiscal charges	124,025	-	-	-	124,025	-
Other	25,309	-	-	-	25,309	-
Water	-	-	1,708,379	2,318,904	1,708,379	2,318,904
Sewer	-	-	1,410,265	1,540,369	1,410,265	1,540,369
Solid waste	-	-	925,594	854,993	925,594	854,993
Total expenses	10,961,632	16,151,302	4,044,238	4,714,266	15,005,870	20,865,568
Change in net position	3,891,179	(3,145,237)	252,964	(758,224)	4,144,143	(3,903,461)
Net position at beginning of year (restated)	34,929,780	38,075,017	21,172,902	21,931,126	56,102,682	60,006,143
Net position at end of year	\$ 38,820,959	\$ 34,929,780	\$ 21,425,866	\$ 21,172,902	\$ 60,246,825	\$ 56,102,682

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Governmental Activities

Governmental activities net position increased 11.14% percent or \$3,891,179 in 2019.

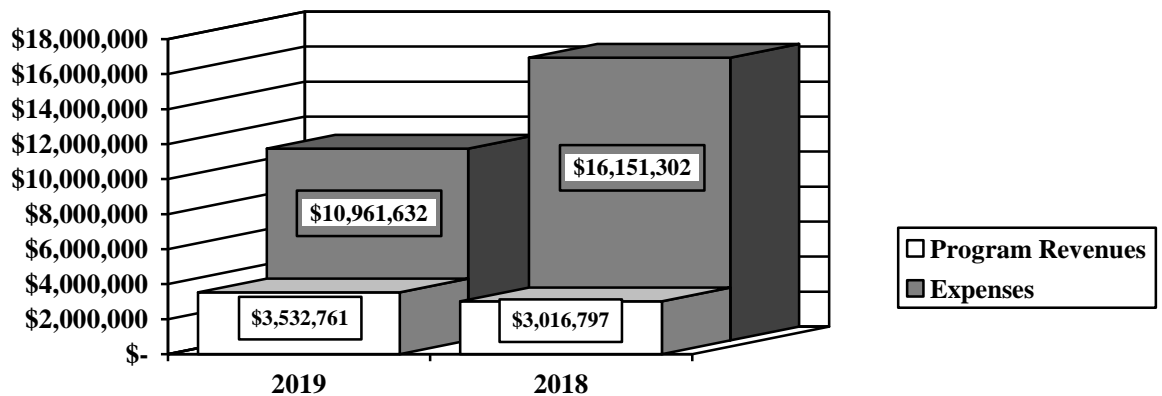
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$3,343,738 of the total governmental expenses of the City. These expenses were partially funded by \$1,487,369 in direct charges to users of the services and \$200 in operating grants and contributions. Transportation expenses totaled \$3,740,787. The significant decrease in security of persons and property was due to structural changes in the police and fire OPEB program which lowered the City’s liability. Transportation expenses were partially funded by \$69,721 in direct charges to users of the services and \$906,891 in operating grants and contributions.

The state and federal government contributed to the City a total of \$909,355 in operating grants and contributions and \$137,191 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$11,320,050 and amounted to 76.21% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$9,680,477. Unrestricted grants and entitlements of \$407,615, which includes local government funds, is the other primary source of general revenues.

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

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF ENGLEWOOD, OHIO

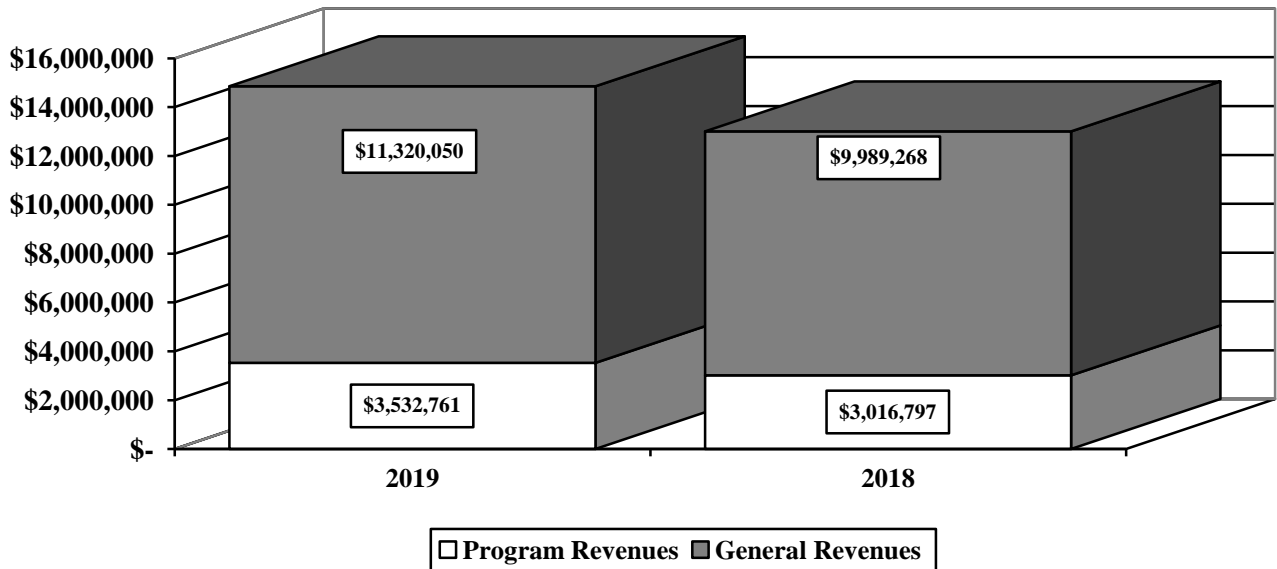
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Governmental Activities

	Total Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2019</u>	Net Cost of Services <u>2018</u>
Program Expenses:				
General government	\$ 2,234,184	\$ 2,336,173	\$ 1,551,977	\$ 1,957,889
Security of persons and property	3,343,738	8,164,404	1,856,169	6,625,886
Public health and welfare	3,620	3,883	3,620	3,883
Transportation	3,740,787	4,441,248	2,764,175	3,630,343
Community environment	752,203	686,529	579,206	610,539
Leisure time activity	737,766	519,065	551,416	305,965
Other	25,309	-	(1,717)	-
Interest and Fiscal Charges	<u>124,025</u>	<u>-</u>	<u>124,025</u>	<u>-</u>
Total Expenses	<u>\$ 10,961,632</u>	<u>\$ 16,151,302</u>	<u>\$ 7,428,871</u>	<u>\$ 13,134,505</u>

The dependence upon general revenues for governmental activities is apparent, with 67.77% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues



Business-Type Activities

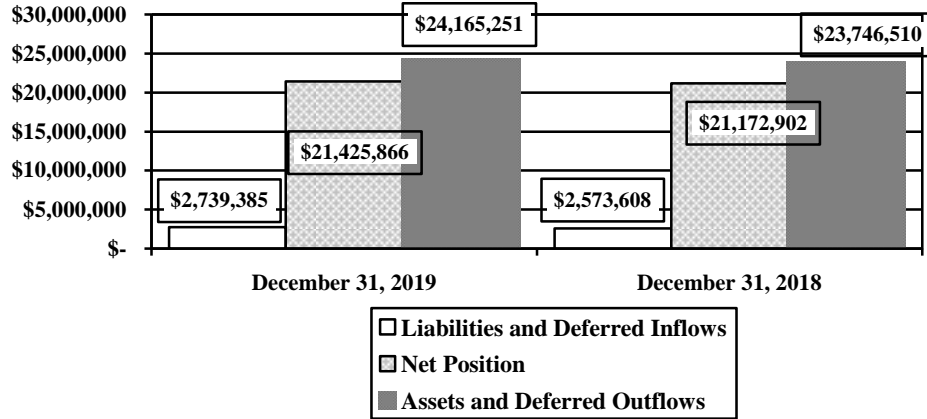
Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$4,193,106, general revenues of \$104,096, and expenses of \$4,044,238 for 2019.

The graph below shows the business-type activities assets, liabilities, and net position at year-end 2019 and 2018.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Net Position in Business - Type Activities



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 23-24) reported a combined fund balance of \$15,862,011 which is \$500,855 higher than last year's restated balance of \$15,361,156. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2019 for all major and nonmajor governmental funds. The fund balance at December 31, 2018 has been restated as described in Note 3B.

	Fund Balances (Deficit) 12/31/19	Restated Fund Balances 12/31/18	Increase (Decrease)
Major Funds:			
General	\$ 6,090,014	\$ 6,903,800	\$ (813,786)
Fire and rescue	466,277	365,781	100,496
Police	691,707	359,210	332,497
Street	1,607,844	997,056	610,788
Bond retirement	(117,956)	6,069	(124,025)
Capital improvement	5,966,224	5,857,848	108,376
Other nonmajor governmental funds	<u>1,157,901</u>	<u>871,392</u>	<u>286,509</u>
Total	<u>\$ 15,862,011</u>	<u>\$ 15,361,156</u>	<u>\$ 500,855</u>

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

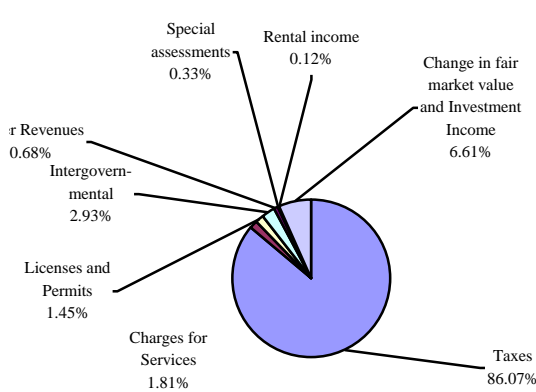
General Fund

The City's general fund balance decreased \$813,786. This decrease is primarily a result of transfers out of \$8,186,679 used to fund police, street and capital improvements. The table that follows assists in illustrating the revenues of the general fund.

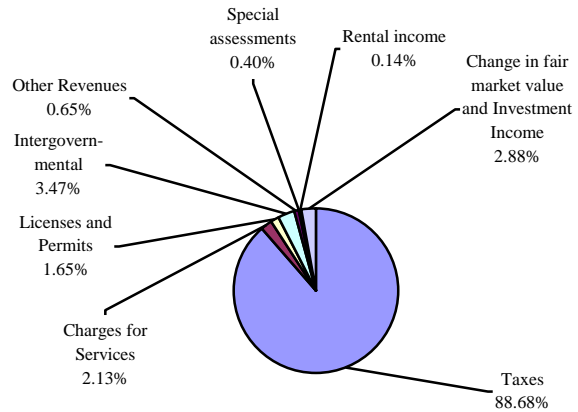
	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 8,680,946	\$ 7,955,179	9.12 %
Charges for services	182,966	191,174	(4.29) %
Licenses and permits	146,384	148,129	(1.18) %
Change in fair market value	157,598	(66,408)	337.32 %
Investment income	508,190	324,375	56.67 %
Rental income	11,911	12,811	(7.03) %
Special assessments	33,732	35,824	(5.84) %
Intergovernmental	295,521	311,576	(5.15) %
Other	<u>68,269</u>	<u>58,596</u>	16.51 %
Total	<u>\$ 10,085,517</u>	<u>\$ 8,971,256</u>	12.42 %

Tax revenue represents 86.07% of all general fund revenue. The increase in fair market value is an indication of fluctuation in the investment market at year end.

Revenues - 2019



Revenues - 2018



CITY OF ENGLEWOOD, OHIO

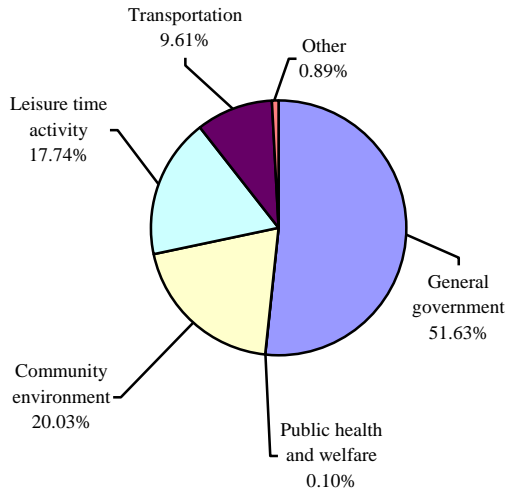
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

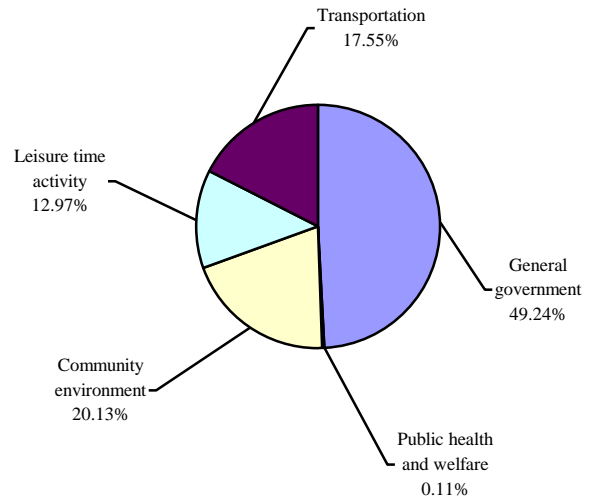
	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,465,558	\$ 1,392,983	5.21 %
Public health and welfare	2,875	3,138	(8.38) %
Transportation	272,795	496,375	(45.04) %
Community environment	568,445	569,368	(0.16) %
Leisure time activity	503,433	366,998	37.18 %
Other	25,309	-	100.00 %
Total	<u>\$ 2,838,415</u>	<u>\$ 2,828,862</u>	0.34 %

Total expenditures increased 0.34% from 2018. The largest expenditure line item, general government, increased 5.21%. Transportation decreased 45.04% due to a decline in street lighting expenses. Leisure time activity increased 37.18% due to an increase in expenses related to parks and recreation.

Expenditures - 2019



Expenditures - 2018



Fire and Rescue Fund

The fire and rescue fund had revenues and other financing sources of \$2,562,924 in 2019. This represents an increase of \$231,366 from 2018 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$2,462,428 in 2019, increased \$57,660 from 2018. State grant revenue partially offset capital acquisitions, and EMS service revenue offset the cost of increased staffing. The net increase in fund balance for the fire and rescue fund was \$100,496 or 27.47%.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Police Fund

The police fund had revenues and other financing sources of \$3,595,997 in 2019. This represents an increase of \$278,170 from 2018 revenues and other sources. The expenditures of the police fund, which totaled \$3,263,500 in 2019, increased \$31,574 from 2018. The net increase in fund balance for the police fund was \$332,497 or 92.56%.

Street Fund

The street fund had revenues and other financing sources of \$2,694,733 in 2019. This represents an increase of \$1,029,157 from 2018 revenues and other financing sources. The expenditures of the street fund, which totaled \$2,155,989 in 2019, increased \$19,216 from 2018. The net increase in the fund balance for the street fund, including the increase in reserve for inventory, was \$610,788 or 61.26%.

Bond Retirement Fund

The bond retirement fund had other financing sources of \$34,100 in 2019. The expenditures of the bond retirement fund totaled \$158,125 in 2019. The net decrease in the fund balance for the bond retirement fund was \$124,025.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$1,756,069 in 2019. The expenditures of the capital improvement fund totaled \$1,647,693 in 2019. The net increase in the fund balance for the capital improvement fund was \$108,376 or 1.85%.

Budgeting Highlights

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

Budgetary information is presented for the general fund, fire and rescue fund, police fund and street fund. In the general fund, the actual revenues and other financing sources came in \$859,318 more than they were in the final budget and actual expenditures and other financing uses were \$707,790 less than the amount in the final budget. Budgeted revenues and other financing sources increased \$1,805,518 from the original to the final budget and budgeted expenditures and other financing uses increased \$581,679 from the original to the final budget.

Proprietary Funds

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

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Capital Assets and Debt Administration

Capital Assets

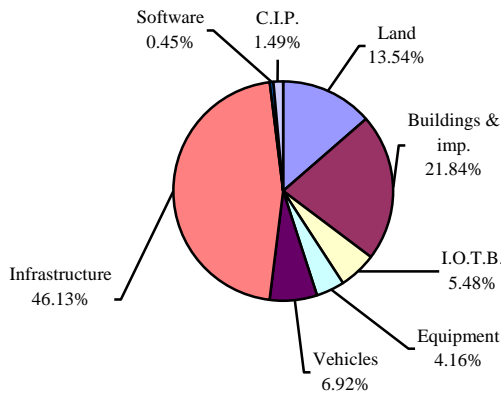
At the end of 2019, the City had \$53,318,580 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, improvements other than buildings, equipment, vehicles, software, and infrastructure. Of this total, \$32,798,222 was reported in governmental activities and \$20,520,358 was reported in business-type activities. See Note 11 in the basic financial statements for additional capital asset disclosure. The following table shows 2019 balances compared to 2018:

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

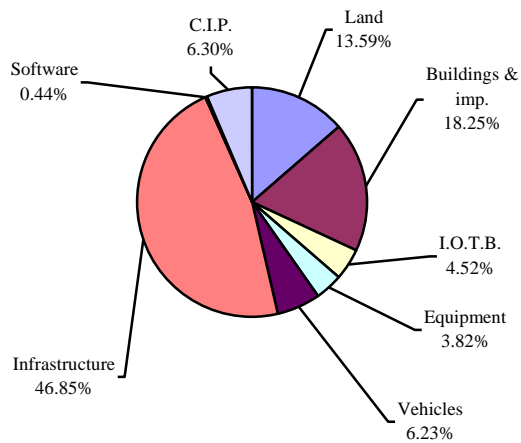
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 4,442,037	\$ 4,442,037	\$ 136,885	\$ 136,885	\$ 4,578,922	\$ 4,578,922
Land improvements (I.O.T.B.)	1,795,976	1,479,088	39,357	41,906	1,835,333	1,520,994
Buildings and improvements	7,162,625	5,967,096	3,491,460	2,964,774	10,654,085	8,931,870
Equipment	1,364,287	1,248,028	4,006,661	2,753,744	5,370,948	4,001,772
Vehicles	2,269,370	2,037,854	132,227	146,656	2,401,597	2,184,510
Infrastructure	15,128,458	15,313,027	11,878,018	11,359,105	27,006,476	26,672,132
Computer software	148,063	145,313	7,758	12,176	155,821	157,489
Construction in progress	487,406	2,061,052	827,992	440,807	1,315,398	2,501,859
Totals	\$ 32,798,222	\$ 32,693,495	\$ 20,520,358	\$ 17,856,053	\$ 53,318,580	\$ 50,549,548

The following graphs show the breakdown of governmental capital assets by category for 2019 and 2018.

**Capital Assets - Governmental Activities
2019**



**Capital Assets - Governmental Activities
2018**

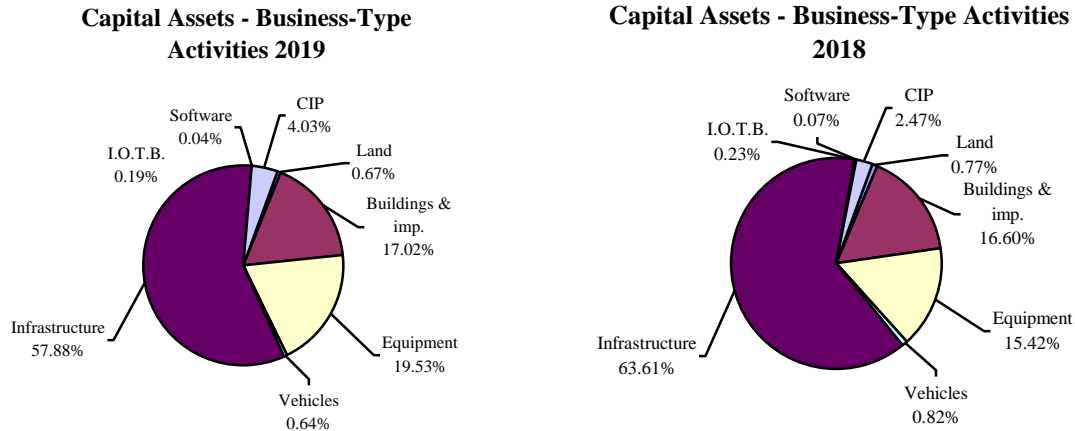


CITY OF ENGLEWOOD, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019
(SEE ACCOUNTANT’S COMPILATION REPORT)**

The City’s largest capital asset category is infrastructure which includes bridges, thoroughfares, curbs, gutters, sidewalks, storm sewers, traffic signals and street signs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City’s infrastructure (cost less accumulated depreciation) represents approximately 46.13% of the City’s total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2019 and 2018.



The City’s largest business-type capital asset category is infrastructure which primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City’s infrastructure (cost less accumulated depreciation) represents approximately 57.88% of the City’s total business-type capital assets.

Debt Administration

The City issued \$5,000,000 in short-term various purpose notes. See Note 14 for further detail.

Economic Conditions and Outlook

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

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

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

Looking Back at 2019

A total of 101 commercial building permits were issued in 2019, representing the construction of nearly 350,000 square feet, with a construction value of \$47.5 million. Growth in the housing market was steady where 2 new homes were constructed and 30 new residential cottages were built for independent living at Cypress Point Health Campus on National Road, estimated value of \$4,200,000.

Construction on the city-wide water softening system, at the water treatment plant, was a major city project in 2019. Only minor adjustments to the system remain and will become active in April of 2020 to provide quality water to our residents for years to come.

Water and sewer improvements were once again the highlight of local capital ventures accomplished during 2019. Water main replacement projects were completed on Winnimac Avenue and Lodestone Drive, and construction began on the I-70 Sanitary lift station, all projects received financial assistance in the form of OPWC grants. As always, annual sidewalk replacement and general roadway resurfacing programs were completed as well.

Looking Ahead to 2020

In 2020, the Miami Valley Career Technology Center will continue construction on a \$135 million-dollar, 570,000 square foot construction project. The project will move into construction of the new buildings in 2020 as site work and demolition was the main focus in 2019. This is the largest school construction project funded with assistance from the OFCC. The project is expected to take three more years to complete and will increase the capacity of the school by 400 students.

Major city projects will include street resurfacing of W. Wenger Road, with the assistance of a \$500,000 grant from MVRPC, and continuing the city's resurfacing program and sidewalk/curb program.

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

In November 2019, a new continuous fire and emergency medical tax in excess of the ten-mill limitation was passed. The City expects to collect these additional property tax receipts in 2020.

Contacting the City's Financial Management

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

**BASIC
FINANCIAL STATEMENTS**

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 19,096,328	\$ 4,486,515	\$ 23,582,843
Receivables:			
Income taxes.	1,784,036	-	1,784,036
Real and other taxes	1,797,144	-	1,797,144
Payments in lieu of taxes	360,684	-	360,684
Accounts.	588,961	456,351	1,045,312
Special assessments	663,120	45,092	708,212
Due from other governments.	640,356	-	640,356
Materials and supplies inventory.	180,520	126,891	307,411
Prepayments	130,127	22,928	153,055
Net pension asset.	14	4	18
Internal balance	2,014,670	(2,014,670)	-
Capital assets:			
Nondepreciable capital assets.	4,929,443	964,877	5,894,320
Depreciable capital assets, net.	27,868,779	19,555,481	47,424,260
Total capital assets, net.	32,798,222	20,520,358	53,318,580
Total assets	60,054,182	23,643,469	83,697,651
Deferred outflows of resources:			
Pension and OPEB.	5,791,660	521,782	6,313,442
Total deferred outflows of resources	5,791,660	521,782	6,313,442
Liabilities:			
Accounts payable.	179,130	225,205	404,335
Contracts payable.	-	54,549	54,549
Accrued wages and benefits payable	267,503	33,118	300,621
Due to other governments	198,366	17,562	215,928
Accrued interest payable	137,500	-	137,500
Notes payable.	5,000,000	-	5,000,000
Unearned revenue	-	85,717	85,717
Long-term liabilities:			
Due within one year	371,251	43,096	414,347
Due in more than one year.	341,181	13,040	354,221
Net pension liability.	14,040,843	1,509,735	15,550,578
Net OPEB liability.	3,404,015	670,171	4,074,186
Total liabilities	23,939,789	2,652,193	26,591,982
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,776,678	-	1,776,678
Pension and OPEB.	947,732	87,192	1,034,924
Payments in lieu of taxes levied for the next fiscal year.	360,684	-	360,684
Total deferred inflows of resources	3,085,094	87,192	3,172,286
Net position:			
Net investment in capital assets.	32,798,222	20,465,809	53,264,031
Restricted for:			
Street construction and maintenance.	712,502	-	712,502
Public safety.	24,516	-	24,516
Capital improvements.	1,216,594	-	1,216,594
Other purposes.	650,037	-	650,037
Unrestricted.	3,419,088	960,057	4,379,145
Total net position	\$ 38,820,959	\$ 21,425,866	\$ 60,246,825

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Current:				
General government	\$ 2,234,184	\$ 682,207	\$ -	\$ -
Security of persons and property	3,343,738	1,487,369	200	-
Public health and welfare	3,620	-	-	-
Transportation	3,740,787	69,721	906,891	-
Community environment	752,203	172,997	-	-
Leisure time activity	737,766	46,895	2,264	137,191
Other	25,309	27,026	-	-
Interest and fiscal charges	124,025	-	-	-
Total governmental activities	<u>10,961,632</u>	<u>2,486,215</u>	<u>909,355</u>	<u>137,191</u>
Business-type activities:				
Water	1,708,379	1,543,385	-	97,222
Sewer	1,410,265	1,548,854	-	100,000
Solid waste	925,594	903,645	-	-
Total business-type activities	<u>4,044,238</u>	<u>3,995,884</u>	<u>-</u>	<u>197,222</u>
Total primary government	<u>\$ 15,005,870</u>	<u>\$ 6,482,099</u>	<u>\$ 909,355</u>	<u>\$ 334,413</u>

General revenues:

Property taxes levied for:

General purposes

Fire and rescue

Police

Police pension

Income taxes levied for:

General purposes

Payments in lieu of taxes

Grants and entitlements not restricted

to specific programs

Increase in fair market value of investments

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated).

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (1,551,977)	\$ -	\$ (1,551,977)
(1,856,169)	-	(1,856,169)
(3,620)	-	(3,620)
(2,764,175)	-	(2,764,175)
(579,206)	-	(579,206)
(551,416)	-	(551,416)
1,717	-	1,717
(124,025)	-	(124,025)
<u>(7,428,871)</u>	<u>-</u>	<u>(7,428,871)</u>
-	(67,772)	(67,772)
-	238,589	238,589
-	(21,949)	(21,949)
<u>-</u>	<u>148,868</u>	<u>148,868</u>
<u>(7,428,871)</u>	<u>148,868</u>	<u>(7,280,003)</u>
927,597	-	927,597
500,505	-	500,505
226,054	-	226,054
69,496	-	69,496
7,956,825	-	7,956,825
513,092	-	513,092
407,615	-	407,615
157,598	-	157,598
424,866	40,001	464,867
136,402	64,095	200,497
<u>11,320,050</u>	<u>104,096</u>	<u>11,424,146</u>
3,891,179	252,964	4,144,143
34,929,780	21,172,902	56,102,682
<u>\$ 38,820,959</u>	<u>\$ 21,425,866</u>	<u>\$ 60,246,825</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Assets:				
Equity in pooled cash and investments.	\$ 4,722,380	\$ 491,651	\$ 788,837	\$ 1,433,220
Receivables:				
Income taxes.	1,784,036	-	-	-
Real and other taxes	540,942	970,007	218,906	-
Payments in lieu of taxes	-	-	-	-
Accounts.	57,266	518,721	4,477	8,497
Special assessments	214,906	-	-	-
Interfund loans.	-	-	-	-
Due from other governments.	118,781	43,425	51,848	355,947
Advances to other funds	967,415	-	-	-
Materials and supplies inventory.	-	-	-	156,311
Prepayments	43,036	28,226	31,373	12,809
Total assets	<u>\$ 8,448,762</u>	<u>\$ 2,052,030</u>	<u>\$ 1,095,441</u>	<u>\$ 1,966,784</u>
Liabilities:				
Accounts payable.	\$ 94,517	\$ 10,678	\$ 8,203	\$ 5,298
Accrued wages and benefits payable	45,555	65,171	90,163	34,148
Advances from other funds.	-	-	-	-
Due to other governments	48,591	47,310	67,514	17,499
Accrued interest payable	-	-	-	-
Notes payable	-	-	-	-
Total liabilities	<u>188,663</u>	<u>123,159</u>	<u>165,880</u>	<u>56,945</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	531,778	962,896	215,700	-
Delinquent property tax revenue not available.	9,164	7,111	3,206	-
Payments in lieu of taxes levied for the next fiscal year.	-	-	-	-
Special assessments revenue not available.	214,906	-	-	-
Miscellaneous revenue not available.	42,203	449,162	4,477	8,497
Income tax revenue not available	1,270,164	-	-	-
Intergovernmental revenue not available.	101,870	43,425	14,471	293,498
Total deferred inflows of resources	<u>2,170,085</u>	<u>1,462,594</u>	<u>237,854</u>	<u>301,995</u>
Fund balances:				
Nonspendable	1,010,451	28,226	31,373	169,120
Restricted.	-	438,051	660,334	1,438,724
Committed	-	-	-	-
Assigned	3,089,410	-	-	-
Unassigned (deficit).	1,990,153	-	-	-
Total fund balances (deficit).	<u>6,090,014</u>	<u>466,277</u>	<u>691,707</u>	<u>1,607,844</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,448,762</u>	<u>\$ 2,052,030</u>	<u>\$ 1,095,441</u>	<u>\$ 1,966,784</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Bond Retirement</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 5,019,544	\$ 4,974,802	\$ 1,127,680	\$ 18,558,114
-	-	-	1,784,036
-	-	67,289	1,797,144
-	142,872	217,812	360,684
-	-	-	588,961
-	145	448,069	663,120
-	2,000,000	-	2,000,000
-	-	68,440	638,441
-	-	-	967,415
-	-	-	156,311
-	-	10,147	125,591
<u>\$ 5,019,544</u>	<u>\$ 7,117,819</u>	<u>\$ 1,939,437</u>	<u>\$ 27,639,817</u>
\$ -	\$ 41,163	\$ 1,484	\$ 161,343
-	-	20,889	255,926
-	967,415	-	967,415
-	-	11,365	192,279
137,500	-	-	137,500
5,000,000	-	-	5,000,000
<u>5,137,500</u>	<u>1,008,578</u>	<u>33,738</u>	<u>6,714,463</u>
-	-	66,304	1,776,678
-	-	985	20,466
-	142,872	217,812	360,684
-	145	434,112	649,163
-	-	-	504,339
-	-	-	1,270,164
-	-	28,585	481,849
-	143,017	747,798	5,063,343
-	-	10,147	1,249,317
-	1,216,594	1,147,754	4,901,457
-	2,158,018	-	2,158,018
-	2,591,612	-	5,681,022
(117,956)	-	-	1,872,197
<u>(117,956)</u>	<u>5,966,224</u>	<u>1,157,901</u>	<u>15,862,011</u>
<u>\$ 5,019,544</u>	<u>\$ 7,117,819</u>	<u>\$ 1,939,437</u>	<u>\$ 27,639,817</u>

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances	\$	15,862,011
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		31,854,374
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income taxes receivable	\$ 1,270,164	
Real and other taxes receivable	20,466	
Accounts receivable	504,339	
Intergovernmental receivable	481,849	
Special assessments receivable	649,163	
Total	2,925,981	2,925,981
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		13
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.		(9,557,176)
The net OPEB liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.		(2,438,852)
An internal service fund is used by management to charge the costs of the government center and service center to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal service funds, including internal balances of \$14,670, are:		809,534
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(634,926)
Net position of governmental activities	\$	38,820,959

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Revenues:				
Municipal income taxes	\$ 7,791,448	\$ -	\$ -	\$ -
Property and other taxes	889,498	503,661	227,373	-
Charges for services	182,815	748,307	36,517	-
Licenses and permits	146,384	-	-	-
Fines and forfeitures	151	-	11,296	-
Intergovernmental	295,521	71,896	29,190	624,783
Special assessments	33,732	-	-	-
Investment income	508,190	-	-	19,158
Rental income	11,911	-	-	-
Contributions and donations	4,364	200	-	-
Payment in lieu of taxes	-	-	-	-
Increase in fair market value of investments	157,598	-	-	-
Other	63,905	27,181	39,867	50,792
Total revenues	<u>10,085,517</u>	<u>1,351,245</u>	<u>344,243</u>	<u>694,733</u>
Expenditures:				
Current:				
General government	1,465,558	-	-	-
Security of persons and property	-	2,462,428	3,263,500	-
Public health and welfare	2,875	-	-	-
Transportation	272,795	-	-	2,155,989
Community environment	568,445	-	-	-
Leisure time activity	503,433	-	-	-
Other	25,309	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,838,415</u>	<u>2,462,428</u>	<u>3,263,500</u>	<u>2,155,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,247,102</u>	<u>(1,111,183)</u>	<u>(2,919,257)</u>	<u>(1,461,256)</u>
Other financing sources (uses):				
Sale of capital assets	125,791	-	1,754	-
Transfers in	-	1,211,679	3,250,000	2,000,000
Transfers (out)	(8,186,679)	-	-	-
Premium on note issuance	-	-	-	-
Total other financing sources (uses)	<u>(8,060,888)</u>	<u>1,211,679</u>	<u>3,251,754</u>	<u>2,000,000</u>
Net change in fund balances	(813,786)	100,496	332,497	538,744
Fund balances at beginning of year (restated)	6,903,800	365,781	359,210	997,056
Increase in reserve for inventory	-	-	-	72,044
Fund balances (deficit) at end of year	<u>\$ 6,090,014</u>	<u>\$ 466,277</u>	<u>\$ 691,707</u>	<u>\$ 1,607,844</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 7,791,448
-	-	69,955	1,690,487
-	-	547,328	1,514,967
-	-	-	146,384
-	-	345	11,792
-	322,431	196,922	1,540,743
-	-	251,109	284,841
-	-	3,765	531,113
-	3,316	-	15,227
-	-	-	4,564
-	155,322	374,863	530,185
-	-	-	157,598
-	-	8,618	190,363
-	481,069	1,452,905	14,409,712
-	-	45,534	1,511,092
-	-	852,274	6,578,202
-	-	-	2,875
-	-	102,192	2,530,976
-	-	-	568,445
-	-	-	503,433
-	-	-	25,309
-	1,647,693	541,396	2,189,089
158,125	-	-	158,125
158,125	1,647,693	1,541,396	14,067,546
(158,125)	(1,166,624)	(88,491)	342,166
-	-	-	127,545
-	1,275,000	600,000	8,336,679
-	-	(225,000)	(8,411,679)
34,100	-	-	34,100
34,100	1,275,000	375,000	86,645
(124,025)	108,376	286,509	428,811
6,069	5,857,848	871,392	15,361,156
-	-	-	72,044
\$ (117,956)	\$ 5,966,224	\$ 1,157,901	\$ 15,862,011

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds	\$	428,811
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the current period.		
Capital asset additions	\$ 1,986,290	
Current year depreciation	<u>(1,767,640)</u>	
Total		218,650
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(26,788)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	165,377	
Delinquent property taxes and PILOTS	(26,131)	
Intergovernmental revenues	(93,853)	
Special assessments	338,352	
Investment income	(87,089)	
Other	45,686	
Total		342,342
Governmental funds report expenditures for inventory when purchased; however in the statement of activities, they are reported as an expense when consumed.		
		72,044
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		8,985
Contractually required pension and OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		895,949
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/asset and net OPEB liability are reported as pension and OPEB expense in the statement of activities.		
		2,036,574
The internal service fund used by management to charge the costs of the government center and service center to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(85,388)</u>
Change in net position of governmental activities	\$	<u>3,891,179</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Revenues:				
Municipal income taxes	\$ 5,999,074	\$ 7,185,857	\$ 7,750,694	\$ 564,837
Property and other taxes.	689,989	826,488	891,453	64,965
Charges for services.	141,500	169,492	182,815	13,323
Licenses and permits	113,302	135,716	146,384	10,668
Fines and forfeitures	117	140	151	11
Intergovernmental.	225,060	269,583	290,773	21,190
Special assessments	26,109	31,274	33,732	2,458
Investment income.	379,817	454,955	490,716	35,761
Donations.	1,625	1,947	2,100	153
Other	25,974	31,112	33,558	2,446
Total revenues	<u>7,602,567</u>	<u>9,106,564</u>	<u>9,822,376</u>	<u>715,812</u>
Expenditures:				
Current:				
General government	1,762,531	1,762,531	1,521,478	241,053
Public health and welfare.	15,077	15,077	2,977	12,100
Community environment	716,892	716,892	605,643	111,249
Leisure time activity	350,266	350,266	287,838	62,428
Total expenditures	<u>2,844,766</u>	<u>2,844,766</u>	<u>2,417,936</u>	<u>426,830</u>
Excess of revenues over expenditures.	<u>4,757,801</u>	<u>6,261,798</u>	<u>7,404,440</u>	<u>1,142,642</u>
Other financing sources (uses):				
Sale of capital assets.	96,227	115,263	124,323	9,060
Advances in and not repaid	488,974	585,706	631,745	46,039
Advances (out).	(280,960)	(280,960)	-	280,960
Transfers in	938,962	1,124,715	1,213,122	88,407
Transfers (out).	(7,980,000)	(8,561,679)	(8,561,679)	-
Total other uses	<u>(6,736,797)</u>	<u>(7,016,955)</u>	<u>(6,592,489)</u>	<u>424,466</u>
Net change in fund balances	(1,978,996)	(755,157)	811,951	1,567,108
Fund balances at beginning of year	3,178,759	3,178,759	3,178,759	-
Prior year encumbrances appropriated . . .	118,633	118,633	118,633	-
Fund balance at end of year	<u>\$ 1,318,396</u>	<u>\$ 2,542,235</u>	<u>\$ 4,109,343</u>	<u>\$ 1,567,108</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE AND RESCUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes.	\$ 482,848	\$ 473,000	\$ 503,661	\$ 30,661
Charges for services.	724,875	830,000	756,121	(73,879)
Intergovernmental.	68,925	78,332	71,896	(6,436)
Donations.	192	-	200	200
Other	26,348	7,500	27,484	19,984
Total revenues	<u>1,303,188</u>	<u>1,388,832</u>	<u>1,359,362</u>	<u>(29,470)</u>
Expenditures:				
Current:				
Security of persons and property	2,741,156	2,741,156	2,519,412	221,744
Total expenditures	<u>2,741,156</u>	<u>2,741,156</u>	<u>2,519,412</u>	<u>221,744</u>
Excess of expenditures over revenues.	<u>(1,437,968)</u>	<u>(1,352,324)</u>	<u>(1,160,050)</u>	<u>192,274</u>
Other financing sources:				
Transfers in	1,161,608	1,211,679	1,211,679	-
Total other financing sources.	<u>1,161,608</u>	<u>1,211,679</u>	<u>1,211,679</u>	<u>-</u>
Net change in fund balances	(276,360)	(140,645)	51,629	192,274
Fund balances at beginning of year	341,416	341,416	341,416	-
Prior year encumbrances appropriated . . .	44,829	44,829	44,829	-
Fund balance at end of year	<u>\$ 109,885</u>	<u>\$ 245,600</u>	<u>\$ 437,874</u>	<u>\$ 192,274</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 227,258	\$ 215,460	\$ 227,373	\$ 11,913
Fines and forfeitures	11,359	16,000	11,365	(4,635)
Intergovernmental	29,175	35,892	29,190	(6,702)
Other	40,495	11,000	40,516	29,516
Total revenues	<u>308,287</u>	<u>278,352</u>	<u>308,444</u>	<u>30,092</u>
Expenditures:				
Current:				
Security of persons and property	3,599,980	3,599,980	3,288,875	311,105
Total expenditures	<u>3,599,980</u>	<u>3,599,980</u>	<u>3,288,875</u>	<u>311,105</u>
Excess of expenditures over revenues	<u>(3,291,693)</u>	<u>(3,321,628)</u>	<u>(2,980,431)</u>	<u>341,197</u>
Other financing sources:				
Sale of capital assets	1,753	1,750	1,754	4
Transfers in	3,248,340	3,250,000	3,250,000	-
Total other financing sources	<u>3,250,093</u>	<u>3,251,750</u>	<u>3,251,754</u>	<u>4</u>
Net change in fund balances	(41,600)	(69,878)	271,323	341,201
Fund balances at beginning of year	411,640	411,640	411,640	-
Prior year encumbrances appropriated	51,814	51,814	51,814	-
Fund balance at end of year	<u>\$ 421,854</u>	<u>\$ 393,576</u>	<u>\$ 734,777</u>	<u>\$ 341,201</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 525,000	\$ 525,000	\$ 604,451	\$ 79,451
Investment income	10,000	10,000	19,158	9,158
Other	5,000	5,000	51,052	46,052
Total revenues	<u>540,000</u>	<u>540,000</u>	<u>674,661</u>	<u>134,661</u>
Expenditures:				
Current:				
Transportation	2,940,571	2,940,571	2,362,152	578,419
Total expenditures	<u>2,940,571</u>	<u>2,940,571</u>	<u>2,362,152</u>	<u>578,419</u>
Excess of expenditures over revenues.	<u>(2,400,571)</u>	<u>(2,400,571)</u>	<u>(1,687,491)</u>	<u>713,080</u>
Other financing sources (uses):				
Note issuance	100,000	100,000	100,000	-
Transfers in	2,000,000	2,000,000	2,000,000	-
Transfers (out).	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources.	<u>2,100,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Net change in fund balances	(300,571)	(400,571)	312,509	713,080
Fund balances at beginning of year	741,329	741,329	741,329	-
Prior year encumbrances appropriated	189,343	189,343	189,343	-
Fund balance at end of year	<u>\$ 630,101</u>	<u>\$ 530,101</u>	<u>\$ 1,243,181</u>	<u>\$ 713,080</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Assets:					
Current assets:					
Equity in pooled cash and investments.	\$ 1,729,741	\$ 2,098,288	\$ 658,486	\$ 4,486,515	\$ 538,214
Receivables:					
Accounts.	226,916	229,435	-	456,351	-
Special assessments	8,066	8,066	28,960	45,092	-
Due from other governments.	-	-	-	-	1,915
Materials and supplies inventory.	76,602	50,289	-	126,891	24,209
Prepayments	15,403	6,851	674	22,928	4,536
Net pension asset.	2	2	-	4	1
Total current assets	<u>2,056,730</u>	<u>2,392,931</u>	<u>688,120</u>	<u>5,137,781</u>	<u>568,875</u>
Noncurrent assets:					
Capital assets:					
Nondepreciable capital assets.	404,858	560,019	-	964,877	130,849
Depreciable capital assets, net.	11,709,546	7,737,690	108,245	19,555,481	812,999
Total capital assets, net.	<u>12,114,404</u>	<u>8,297,709</u>	<u>108,245</u>	<u>20,520,358</u>	<u>943,848</u>
Total noncurrent assets	<u>12,114,404</u>	<u>8,297,709</u>	<u>108,245</u>	<u>20,520,358</u>	<u>943,848</u>
Total assets	<u>14,171,134</u>	<u>10,690,640</u>	<u>796,365</u>	<u>25,658,139</u>	<u>1,512,723</u>
Deferred outflows of resources:					
Pension.	237,654	195,610	25,313	458,577	165,660
OPERS.	31,920	27,276	4,009	63,205	22,470
Total deferred outflows of resources	<u>269,574</u>	<u>222,886</u>	<u>29,322</u>	<u>521,782</u>	<u>188,130</u>
Liabilities:					
Current liabilities:					
Accounts payable.	35,909	123,064	66,232	225,205	17,787
Contracts payable.	11,940	42,609	-	54,549	-
Accrued wages and benefits payable.	18,098	13,297	1,723	33,118	11,577
Due to other governments	9,487	7,178	897	17,562	6,087
Interfund loans payable.	2,000,000	-	-	2,000,000	-
Compensated absences payable - current.	23,906	18,154	1,036	43,096	12,580
Unearned revenue.	-	-	85,717	85,717	-
Total current liabilities	<u>2,099,340</u>	<u>204,302</u>	<u>155,605</u>	<u>2,459,247</u>	<u>48,031</u>
Long-term liabilities:					
Compensated absences payable	5,437	7,603	-	13,040	64,926
Net OPEB liability.	349,717	284,945	35,509	670,171	241,342
Net pension liability.	787,828	641,913	79,994	1,509,735	543,686
Total long-term liabilities	<u>1,142,982</u>	<u>934,461</u>	<u>115,503</u>	<u>2,192,946</u>	<u>849,954</u>
Total liabilities	<u>3,242,322</u>	<u>1,138,763</u>	<u>271,108</u>	<u>4,652,193</u>	<u>897,985</u>
Deferred inflows of resources:					
OPEB.	9,549	15,606	1,636	26,791	679
Pension.	23,912	32,831	3,658	60,401	7,325
Total deferred inflows of resources	<u>33,461</u>	<u>48,437</u>	<u>5,294</u>	<u>87,192</u>	<u>8,004</u>
Net position:					
Net investment in capital assets.	12,102,464	8,255,100	108,245	20,465,809	943,848
Unrestricted (deficit)	(937,539)	1,471,226	441,040	974,727	(148,984)
Total net position.	<u>\$ 11,164,925</u>	<u>\$ 9,726,326</u>	<u>\$ 549,285</u>	<u>21,440,536</u>	<u>\$ 794,864</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(14,670)	
Net position of business-type activities				<u>\$ 21,425,866</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Operating revenues:					
Charges for services	\$ 1,529,295	\$ 1,503,284	\$ 903,645	\$ 3,936,224	\$ 969,730
Tap-in fees.	14,090	45,570	-	59,660	-
Other operating revenues	7,173	6,060	22	13,255	4,486
Total operating revenues.	<u>1,550,558</u>	<u>1,554,914</u>	<u>903,667</u>	<u>4,009,139</u>	<u>974,216</u>
Operating expenses:					
Personal services	688,770	555,081	70,678	1,314,529	493,566
Contract services.	355,106	220,462	825,887	1,401,455	286,045
Materials and supplies.	126,319	113,476	528	240,323	271,104
Depreciation.	538,811	393,595	28,620	961,026	87,225
Other	-	123,569	-	123,569	-
Total operating expenses.	<u>1,709,006</u>	<u>1,406,183</u>	<u>925,713</u>	<u>4,040,902</u>	<u>1,137,940</u>
Operating income (loss).	(158,448)	148,731	(22,046)	(31,763)	(163,724)
Nonoperating revenues (expenses):					
Gain (loss) on sale of assets.	(9,310)	-	60,150	50,840	-
Interest income.	18,132	21,869	-	40,001	-
Total nonoperating revenues.	<u>8,822</u>	<u>21,869</u>	<u>60,150</u>	<u>90,841</u>	<u>-</u>
Income (loss) before transfers and capital.	(149,626)	170,600	38,104	59,078	(163,724)
Transfer in	-	-	-	-	75,000
Capital contributions.	97,222	100,000	-	197,222	-
Change in net position	(52,404)	270,600	38,104	256,300	(88,724)
Net position at beginning of year	<u>11,217,329</u>	<u>9,455,726</u>	<u>511,181</u>		<u>883,588</u>
Net position at end of year	<u>\$ 11,164,925</u>	<u>\$ 9,726,326</u>	<u>\$ 549,285</u>		<u>\$ 794,864</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				(3,336)	
Change in net position of business-type activities.				<u>\$ 252,964</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 1,509,606	\$ 1,488,391	\$ 898,917	\$ 3,896,914	\$ 967,815
Cash received from tap-in fees	14,090	45,570	-	59,660	-
Cash received from other operations	12,127	12,405	22	24,554	9,516
Cash payments for personal services	(537,968)	(439,114)	(55,187)	(1,032,269)	(365,919)
Cash payments for contractual services	(791,915)	(99,702)	(823,345)	(1,714,962)	(281,977)
Cash payments for materials and supplies	(156,177)	(120,859)	(528)	(277,564)	(277,375)
Cash payments for other expenses	-	(123,569)	-	(123,569)	-
Net cash provided by operating activities	<u>49,763</u>	<u>763,122</u>	<u>19,879</u>	<u>832,764</u>	<u>52,060</u>
Cash flows from noncapital financing activities:					
Cash received from transfers in	500,000	500,000	-	1,000,000	75,000
Cash used in transfers out	(3,500,000)	(500,000)	-	(4,000,000)	-
Cash received from interfund loans	2,000,000	-	-	2,000,000	-
Cash used in repayment of interfund loans	(1,755,000)	-	-	(1,755,000)	-
Net cash provided (used in) noncapital financing activities	<u>(2,755,000)</u>	<u>-</u>	<u>-</u>	<u>(2,755,000)</u>	<u>75,000</u>
Cash flows from capital and related financing activities:					
Sale of capital assets	50	-	60,150	60,200	-
Acquisition of capital assets	(2,725,938)	(908,753)	-	(3,634,691)	-
Cash received from capital grants	297,222	100,000	-	397,222	-
Note issuance	3,000,000	-	-	3,000,000	-
Net cash provided (used in) capital and related financing activities	<u>571,334</u>	<u>(808,753)</u>	<u>60,150</u>	<u>(177,269)</u>	<u>-</u>
Cash flows from investing activities:					
Interest received	18,132	21,869	-	40,001	-
Net cash provided by investing activities	<u>18,132</u>	<u>21,869</u>	<u>-</u>	<u>40,001</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(2,115,771)	(23,762)	80,029	(2,059,504)	127,060
Cash and cash equivalents at beginning of year . . .	<u>3,845,512</u>	<u>2,122,050</u>	<u>578,457</u>	<u>6,546,019</u>	<u>411,154</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,729,741</u></u>	<u><u>\$ 2,098,288</u></u>	<u><u>\$ 658,486</u></u>	<u><u>\$ 4,486,515</u></u>	<u><u>\$ 538,214</u></u>

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss).	\$ (158,448)	\$ 148,731	\$ (22,046)	\$ (31,763)	\$ (163,724)
Adjustments:					
Depreciation.	538,811	393,595	28,620	961,026	87,135
Changes in assets and liabilities:					
(Increase) in materials and supplies inventory.	(21,126)	(2,537)	-	(23,663)	(2,295)
(Increase) in accounts receivable.	(20,437)	(15,641)	-	(36,078)	-
Decrease in net pension asset.	1	1	-	2	1
Decrease (Increase) in special assessments receivable.	748	748	(12,873)	(11,377)	-
Decrease in intergovernmental receivable.	4,954	6,345	-	11,299	3,115
Decrease (Increase) in prepayments.	398	988	(276)	1,110	563
(Increase) in deferred outflows - pension	(110,881)	(83,977)	(9,652)	(204,510)	(86,290)
Decrease (Increase) in deferred outflows - OPEB.	(969)	1,232	678	941	(4,474)
Increase (Decrease) in accounts payable	(456,071)	73,305	2,542	(380,224)	182
Increase in contracts payable	11,940	42,609	-	54,549	-
Increase in accrued wages and benefits.	3,742	415	267	4,424	1,667
Increase (Decrease) in intergovernmental payable.	919	(252)	187	854	351
Increase (Decrease) in compensated absences payable.	(6,885)	(704)	34	(7,555)	15,906
(Decrease) in deferred inflows - pension	(88,517)	(65,443)	(9,503)	(163,463)	(66,803)
(Decrease) in deferred inflows - OPEB	(13,060)	(3,685)	(734)	(17,479)	(14,117)
Increase in net pension liability	318,430	241,406	30,793	590,629	237,484
Increase in net OPEB liability	46,214	25,986	3,697	75,897	43,359
Increase in unearned revenue.	-	-	8,145	8,145	-
Net cash provided by operating activities.	<u>\$ 49,763</u>	<u>\$ 763,122</u>	<u>\$ 19,879</u>	<u>\$ 832,764</u>	<u>\$ 52,060</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2019

	Custodial
Assets:	
Equity in pooled cash and cash equivalents.	\$ 675
Total assets	675
Liabilities:	
Accounts payable	126
Total liabilities	126
Net position:	
Restricted for individuals, organizations and other governments .	549
Total net position	\$ 549

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
Licenses, permits and fees for other governments	\$ 2,660
Total additions	2,660
Deductions:	
Other custodial fund disbursements	2,845
Total deductions	2,845
Net change in fiduciary net position	(185)
Net position beginning of year (restated)	734
Net position end of year	\$ 549

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - DESCRIPTION OF THE CITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Insurance Purchasing Pool

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Fairfield, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington, and Wyoming, and the Village of Indian Hill. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA. See Note 15 for additional information.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

Bond retirement - To account for resources used for repayment of general obligation debt principal, interest and related costs.

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

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

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

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

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

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

E. Basis of Accounting

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Notes 16 and 17 for deferred outflows of resources related to the City's net pension liability/asset and net OPEB liability, respectively.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 16 and 17 for deferred inflows of resources related to the City's net pension liability/asset and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

F. Budgetary Data

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

Tax Budget - During the first Council meeting in July, the City Manager presents the following year's annual operating budget to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The Montgomery County Budget Commission waived the tax budget filing requirement for 2019.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect both the amounts on the certificate of estimated resources when the original appropriations were adopted and the amounts in the final amended official certificate of estimated resources issued during 2019.

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

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

G. Cash and Cash Equivalents

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

During 2019, the City invested in STAR Ohio and federal agency securities. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2019 amounted to \$508,190, which included \$390,747 assigned from other funds of the City.

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

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

H. Inventories of Materials and Supplies

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

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

I. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2019, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset as a component of nonspendable fund balance in governmental funds which indicates that they do not constitute available resources even though they are a component of net current assets.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

J. Capital Assets

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

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

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

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

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

K. Compensated Absences

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

In conformity with GASB Statement No. 16, “Accounting for Compensated Absences”, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Interfund Balances

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

N. Interfund Activity

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

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

O. Fund Balance

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

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

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

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

P. Estimates

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

Q. Net Position

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2019.

S. Pensions/Other Postemployment Benefits (OPEB)

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

T. Fair Value Measurements

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

U. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction and from contributions from governmental funds. During 2019, the water fund and sewer fund received \$97,222 and \$100,000 in contributions of capital, respectively.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the City has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds. These fund reclassifications resulted in the restatement of the City's financial statements.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City; however, certain note disclosures in Note 14 have been modified to conform to the new requirements.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at December 31, 2018:

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Fund Balance as previously reported	\$ 6,899,775	\$ 365,781	\$ 359,210	\$ 997,056
GASB Statement No. 84	<u>4,025</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restated Fund Balance, at December 31, 2018	<u>\$ 6,903,800</u>	<u>\$ 365,781</u>	<u>\$ 359,210</u>	<u>\$ 997,056</u>

	<u>Bond Retirement</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance as previously reported	\$ 6,069	\$ 5,857,848	\$ 871,392	\$ 15,357,131
GASB Statement No. 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,025</u>
Restated Fund Balance, at December 31, 2018	<u>\$ 6,069</u>	<u>\$ 5,857,848</u>	<u>\$ 871,392</u>	<u>\$ 15,361,156</u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at December 31, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net position as previously reported	\$ 34,925,755	\$ 21,172,902
GASB Statement No. 84	<u>4,025</u>	<u>-</u>
Restated net position at December 31, 2018	<u>\$ 34,929,780</u>	<u>\$ 21,172,902</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$734. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$6,920.

C. Deficit Fund Balances

Fund balances at December 31, 2019 included the following individual fund deficits:

<u>Major Fund</u>	<u>Deficit</u>
Bond Retirement	\$ 117,956

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

- A. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
- B. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on hand

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

B. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was \$569,224 and the bank balance of all City deposits was \$586,254. Of the bank balance, \$336,254 was exposed to custodial risk as discussed below because those deposits were uninsured and \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the City’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2019, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>		<u>Total</u>
		<u>6 months or less</u>	<u>Greater than 24 months</u>	
<i>Amortized Cost:</i>				
STAR Ohio	\$ 23,013,188	\$ 23,013,188	\$ -	\$ 23,013,188
<i>Fair Value:</i>				
FHLMC	<u>6</u>	<u>-</u>	<u>6</u>	<u>6</u>
Total	<u>\$ 23,013,194</u>	<u>\$ 23,013,188</u>	<u>\$ 6</u>	<u>\$ 23,013,194</u>

The City's investments in federal agency securities (FHLMC) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The weighted average maturity of investments is 3.14 years.

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City’s investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Amortized Cost:</i>		
STAR Ohio	\$ 23,013,188	99.99%
<i>Fair Value:</i>		
FHLMC	<u>6</u>	<u>0.01%</u>
Total	<u>\$ 23,013,194</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 569,224
Investments	23,013,194
Cash on hand	<u>1,100</u>
Total	<u>\$ 23,583,518</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 19,096,328
Business type activities	4,486,515
Custodial funds	<u>675</u>
Total	<u>\$ 23,583,518</u>

NOTE 5 - INTERFUND ACTIVITY

A. Interfund Transfers

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>		<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	
Fire and Rescue	\$ 1,211,679	\$ -	\$ 1,211,679
Police	3,250,000	-	3,250,000
Street	2,000,000	-	2,000,000
Capital improvement	1,050,000	225,000	1,275,000
Internal Service Fund	75,000	-	75,000
Nonmajor governmental	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Total	<u>\$ 8,186,679</u>	<u>\$ 225,000</u>	<u>\$ 8,411,679</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - INTERFUND ACTIVITY - (Continued)

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The tax incremental financing fund (a nonmajor governmental fund) transferred \$175,000 to the capital improvement fund to fund improvements made in the TIF District (See Note 8). The permissive tax fund (a nonmajor governmental fund) transferred \$50,000 to the capital improvement fund to fund road resurfacing projects and culvert replacement projects. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

B. Advances To/From Other Funds

In prior years, the general fund advanced \$1,599,160 to the capital improvement fund for the Main Street TIF project, \$631,745 of this loan was repaid in 2019. The outstanding advance is \$967,415. This advance is not expected to be repaid within one year.

C. Interfund Loans Receivables/Payables

The capital improvement fund advanced \$2,000,000 to the water fund. This amount is reported as an interfund loan receivable and payable in the fund financial statements.

These advances are expected to be repaid during 2020.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County collects property taxes on behalf of all taxing districts in the County, including the City of Englewood. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2019 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2019 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2019 was \$11.33 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2019 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 193,480,850
Commercial/industrial/mineral	67,606,140
<u>Public utility</u>	
Personal	<u>5,952,140</u>
Total assessed value	<u>\$ 267,039,130</u>

NOTE 7 - LOCAL INCOME TAX

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 7 - LOCAL INCOME TAX - (Continued)

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

Income tax proceeds are to be used to pay the cost of administering the tax. All remaining income tax revenue is then initially placed in the general fund. The use of all income tax proceeds is determined by City Council. Income tax revenue for 2019 was \$7,791,448 as reported in the fund financial statements.

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

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

PILOT revenue was \$530,185 in 2019 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT’s cease and property taxes then apply to the increased property values.

NOTE 9 - TAX ABATEMENTS

As of December 31, 2019, the City provides property tax abatements through Community Reinvestment Area (CRA). Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA’s are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity’s property tax bill.

The City had 14 parcels of land that received tax abatements through the CRA program. The total City property taxes abated during 2019 were \$32,499. The City also entered into an income tax sharing agreement with Northmont City School District (“School District”) for land situated in the Otterbein Commerce Park that is part of the CRA program. For all tax-abated projects located within the Otterbein Commerce Park, the City will provide 50% of the income taxes to the School District for businesses with annual payrolls exceeding \$1,000,000. In 2019, the City paid the School District \$89,626, in accordance with the tax sharing agreement.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - RECEIVABLES

Receivables at December 31, 2019, consisted of taxes, payment in lieu of taxes, accounts (billings for user charged services), special assessments, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2019.

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

Governmental activities:

Income taxes	\$ 1,784,036
Real and other taxes	1,797,144
Payments in lieu of taxes	360,684
Accounts	588,961
Special assessments	663,120
Due from other governments	640,356

Business-type activities:

Accounts	456,351
Special assessments	45,092

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

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - CAPITAL ASSETS

- A. Certain assets were reclassified between asset classes, there was no impact on net capital assets or net position. Capital asset activity for the governmental activities for the year ended December 31, 2019, was as follows:

	Restated Balance*			Balance
	<u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/19</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 4,442,037	\$ -	\$ -	\$ 4,442,037
Construction-in-progress	<u>2,061,052</u>	<u>362,900</u>	<u>(1,936,546)</u>	<u>487,406</u>
Total capital assets, not being depreciated	<u>6,503,089</u>	<u>362,900</u>	<u>(1,936,546)</u>	<u>4,929,443</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	4,068,384	458,822	-	4,527,206
Buildings and improvements	10,588,561	1,477,723	-	12,066,284
Furniture and equipment	3,565,624	435,474	(27,262)	3,973,836
Vehicles	4,383,359	564,179	(262,457)	4,685,081
Infrastructure	37,175,943	582,131	-	37,758,074
Computer software	<u>337,160</u>	<u>41,607</u>	<u>(22,185)</u>	<u>356,582</u>
Total capital assets, being depreciated	<u>60,119,031</u>	<u>3,559,936</u>	<u>(311,904)</u>	<u>63,367,063</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,589,296)	(141,934)	-	(2,731,230)
Buildings	(4,621,465)	(282,194)	-	(4,903,659)
Furniture and equipment	(2,317,596)	(304,215)	12,262	(2,609,549)
Vehicles	(2,345,505)	(327,530)	257,324	(2,415,711)
Infrastructure	(21,862,916)	(766,700)	-	(22,629,616)
Computer software	<u>(191,847)</u>	<u>(32,202)</u>	<u>15,530</u>	<u>(208,519)</u>
Total accumulated depreciation	<u>(33,928,625)</u>	<u>(1,854,775)</u>	<u>285,116</u>	<u>(35,498,284)</u>
Total capital assets, being depreciated	<u>26,190,406</u>	<u>1,705,161</u>	<u>(26,788)</u>	<u>27,868,779</u>
Governmental activities capital assets, net	<u>\$ 32,693,495</u>	<u>\$ 2,068,061</u>	<u>\$ (1,963,334)</u>	<u>\$ 32,798,222</u>

*Restatement of Furniture and Equipment and Vehicles as some assets were improperly classified due to errors and omissions in previous years.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 264,998
Security of persons and property	352,126
Public health	745
Leisure time activity	95,165
Community environment	74,606
Transportation	980,000
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>87,135</u>
Total depreciation expense - governmental activities	<u>\$ 1,854,775</u>

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - CAPITAL ASSETS - (Continued)

- B.** Capital asset activity for the business-type activities for the year ended December 31, 2019 was as follows:

	Balance			Balance
	<u>12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/19</u>
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 136,885	\$ -	\$ -	\$ 136,885
Construction in Progress	<u>440,807</u>	<u>3,164,669</u>	<u>(2,777,484)</u>	<u>827,992</u>
Total capital assets, not being depreciated	<u>577,692</u>	<u>3,164,669</u>	<u>(2,777,484)</u>	<u>964,877</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	50,983	-	-	50,983
Buildings and improvements	7,543,581	722,110	-	8,265,691
Equipment	5,125,695	1,602,464	-	6,728,159
Vehicles	279,080	-	-	279,080
Software	25,174	-	-	25,174
Infrastructure	<u>26,679,221</u>	<u>922,932</u>	<u>(25,171)</u>	<u>27,576,982</u>
Total capital assets, being depreciated	<u>39,703,734</u>	<u>3,247,506</u>	<u>(25,171)</u>	<u>42,926,069</u>
<i>Less: accumulated depreciation:</i>				
Improvements other than buildings	(9,077)	(2,549)	-	(11,626)
Buildings and improvements	(4,578,807)	(195,424)	-	(4,774,231)
Equipment	(2,371,951)	(349,547)	-	(2,721,498)
Vehicles	(132,424)	(14,429)	-	(146,853)
Software	(12,998)	(4,418)	-	(17,416)
Infrastructure	<u>(15,320,116)</u>	<u>(394,659)</u>	<u>15,811</u>	<u>(15,698,964)</u>
Total accumulated depreciation	<u>(22,425,373)</u>	<u>(961,026)</u>	<u>15,811</u>	<u>(23,370,588)</u>
Total capital assets, being depreciated, net	<u>17,278,361</u>	<u>2,286,480</u>	<u>(9,360)</u>	<u>19,555,481</u>
Business-type activities capital assets, net	<u>\$ 17,856,053</u>	<u>\$ 5,451,149</u>	<u>\$ (2,786,844)</u>	<u>\$ 20,520,358</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - CAPITAL ASSETS - (Continued)

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

Business-type activities

Water	\$ 538,811
Sewer	393,595
Solid Waste	<u>28,620</u>
Total depreciation expense - business-type activities	<u>\$ 961,026</u>

NOTE 12 - OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

City employees and elected officials may participate in a statewide deferred compensation plan or a plan offered by ING and sponsored by the Ohio Municipal League. Both plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$384,125 at December 31, 2019. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

Accumulated Unpaid Sick Leave

City employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement an employee is paid for one-third of his accumulated sick leave within various limits. The total obligation for sick leave accrual for the City as a whole amounted to \$381,825 at December 31, 2019. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

Overtime Pay

City employees earn overtime pay at varying rates based on when the employee works the overtime. The total obligation for overtime pay for the City as a whole amounted to \$2,618 at December 31, 2019. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - LONG-TERM OBLIGATIONS

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

<u>Governmental activities:</u>	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/19</u>	Amounts Due in <u>One Year</u>
Compensated absences	\$ 705,511	\$ 344,964	\$ (338,043)	\$ 712,432	\$ 371,251
Net pension liability	9,946,122	4,094,721	-	14,040,843	-
Net OPEB liability	<u>8,293,829</u>	<u>378,413</u>	<u>(5,268,227)</u>	<u>3,404,015</u>	<u>-</u>
Total long-term obligations	<u>\$ 18,945,462</u>	<u>\$ 4,818,098</u>	<u>\$ (5,606,270)</u>	<u>\$ 18,157,290</u>	<u>\$ 371,251</u>

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

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

<u>Business-type activities:</u>	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/19</u>	Amounts Due in <u>One Year</u>
Compensated absences	\$ 63,691	\$ 35,405	\$ (42,959)	\$ 56,136	\$ 43,096
Net OPEB liability	594,274	75,897	-	670,171	-
Net pension liability	<u>919,106</u>	<u>590,629</u>	<u>-</u>	<u>1,509,735</u>	<u>-</u>
Total long-term obligations	<u>\$ 1,577,071</u>	<u>\$ 701,931</u>	<u>\$ (42,959)</u>	<u>\$ 2,236,042</u>	<u>\$ 43,096</u>

As of December 31, 2019, the City's overall legal debt margin (the ability to issue general obligation bonded debt) was \$28,045,178 and the unvoted debt margin was \$14,687,152.

NOTE 14 - NOTES PAYABLE

The changes in the City's governmental activities short-term obligations during the year consist of the following.

<u>Governmental activities:</u>	Balance <u>12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/19</u>	Amounts Due in <u>One Year</u>
Direct placements:					
2019 Various Purpose Notes	\$ -	\$ 5,000,000	\$ -	\$ 5,000,000	\$ 5,000,000
Total short-term obligations	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>

2019 Various Purpose Notes: On January 22, 2019, the City issued \$5,000,000 in notes to fund various improvement projects. The various purpose notes are direct placements that will be paid from the bond retirement fund. The various purpose notes carry an interest rate of 3.00% and mature on January 21, 2020.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - RISK MANAGEMENT

A. Comprehensive

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

Type of Coverage

1. Liability:

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

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

MVRMA self-insured \$500,000 per occurrence and obtained reinsurance from Government Entities Mutual, Inc. (GEM) for \$4.5 million excess of \$500,000, from Genesis for \$7 million excess of \$5 million.

2. Property:

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

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

3. Flood - included in Property Policy

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

4. Earthquake - included in Property Policy

\$25 million/occurrence and annual aggregate
MVRMA SIR: \$100,000/occurrence

5. Boiler & Machinery - included in Property Policy

\$100,000/occurrence
MVRMA SIR: \$10,000 - \$350,000/occurrence

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - RISK MANAGEMENT - (Continued)

6. Cyber Liability - included in Property Policy

MVRMA SIR: \$100,000/occurrence

Coverage excess of SIR provided by Lloyd's of London - Beazley Syndicate

First Party Loss:

\$2 million Business Interruption Resulting from Security Breach

\$500,000 Business Interruption Resulting from System Failure

\$750,000 Dependent Business Interruption Resulting from Security Breach

\$100,000 Dependent Business Interruption Resulting from System Failure

\$2,000,000 Cyber Extortion Loss

\$2,000,000 Data Recovery Costs

Liability:

Data & Network Liability: Regulatory Defense & Penalties; Payment Card Liabilities & Costs;

Media Liability: \$2,000,000

Breach Response Costs:

\$500,000 (increased to \$1 million if designated provider is used)

E-crime:

\$75,000/occurrence for Fraudulent Instruction, Funds Transfer Fraud, Telephone Fraud

7. Pollution Liability - Claims Made and Reported Policy

\$25 million Policy Aggregate for all insureds combined

\$2 million Per Pollution Incident

\$2 million Per Named Insured

\$2 million Per Pool

MVRMA SIR: \$100,000/pollution condition; \$750,000 underground

Storage tanks specific; \$250,000 mold or sewage backup

Coverage excess of SIR provided by Illinois Union Insurance Co.

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

MVRMA issues a stand-alone Comprehensive Annual Financial Report. Interested parties may obtain a copy by making a written request to 4625 Presidential Way, Kettering, OH 45429-5706.

B. Workers' Compensation

In 2019, the City participated in the Ohio Bureau of Workers' Compensation (Bureau) Group Rating Plan. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - RISK MANAGEMENT - (Continued)

C. Unemployment

The City is a reimbursing employer with the Ohio Department of Job and Family Services. This means that, in lieu of unemployment taxes, the City pays unemployment claims to the State of Ohio as incurred. Claims may be incurred when an employee experiences the loss of employment other than with the City of Englewood. In 2019, the City's contribution to unemployment benefits was immaterial.

D. Health, Dental and Life Insurance

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

The City offers a High Deductible Health Plan combined with a Health Savings Account (HSA Plan). For the plan year effective 9/1/19 - 8/31/20, the City pays 100% of the HSA Plan monthly premium of \$558 for single coverage and \$1,703 for family coverage. The City also makes quarterly contributions to the employee health savings accounts. The annual amount of City contributions to the health savings account is \$750.00 for single coverage and \$1,500.00 for family coverage. As required by a collective bargaining agreement with the Ohio Patrolmen's Benevolent Association (OPBA), the City also offers a PPO. The monthly premium is \$691 for single coverage and \$2,109 for family coverage. The employee portion of the monthly premium is \$47 for single coverage and \$146 for family coverage.

Dental insurance is offered through Superior Dental Care with a deductible of \$50 for single coverage and up to \$150 for family coverage. The City pays the majority of the monthly premium of \$27 for single coverage and \$83 for family coverage. The City also provides a minimum of \$25,000 life and AD&D insurance at no cost to the employees. Employees have the opportunity to purchase additional group rated health and life insurance benefits, with the full cost of the premiums paid by the employee via payroll deduction.

NOTE 16 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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.

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

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS’s Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

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

****This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.005.

The City’s contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$489,815 for 2019. Of this amount, \$77,344 is reported as due to other governments.

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

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

	Police	Firefighters
2019 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2019 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$535,910 for 2019. Of this amount, \$103,364 is reported as due to other governments.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02632500%	0.00084500%	0.10974200%	
Proportion of the net pension liability/asset current measurement date	<u>0.02570100%</u>	<u>0.00083800%</u>	<u>0.10427500%</u>	
Change in proportionate share	<u>-0.00062400%</u>	<u>-0.00000700%</u>	<u>-0.00546700%</u>	
Proportionate share of the net pension liability	\$ 7,038,983	\$ -	\$ 8,511,595	\$ 15,550,578
Proportionate share of the net pension asset	-	(18)	-	(18)
Pension expense	1,573,761	(5)	1,239,194	2,812,950

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	Member- Directed	OP&F	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 325	\$ 82	\$ 349,709	\$ 350,116
Net difference between projected and actual earnings on pension plan investments	955,390	8	1,048,619	2,004,017
Changes of assumptions	612,759	8	225,655	838,422
Changes in employer's proportionate percentage/ difference between employer contributions	77,800	-	644,891	722,691
Contributions subsequent to the measurement date	489,615	200	535,910	1,025,725
Total deferred outflows of resources	<u>\$ 2,135,889</u>	<u>\$ 298</u>	<u>\$ 2,804,784</u>	<u>\$ 4,940,971</u>
	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ 92,426	\$ -	\$ 7,949	\$ 100,375
Changes in employer's proportionate percentage/ difference between employer contributions	78,784	-	265,321	344,105
Total deferred inflows of resources	<u>\$ 171,210</u>	<u>\$ -</u>	<u>\$ 273,270</u>	<u>\$ 444,480</u>

\$1,025,725 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 - Traditional	OPERS - Member- Directed	OP&F	Total
2020	\$ 668,325	\$ 11	\$ 610,422	\$ 1,278,758
2021	273,780	11	368,837	642,628
2022	88,632	12	407,546	496,190
2023	444,325	13	557,111	1,001,449
2024	2	11	51,688	51,701
Thereafter	-	40	-	40
Total	\$ 1,475,064	\$ 98	\$ 1,995,604	\$ 3,470,766

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS 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 table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 10,398,625	\$ 7,038,983	\$ 4,247,090
Member-Directed Plan	(8)	(18)	(34)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, 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 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2018 actuarial valuation.

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2018 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	120.00 %		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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 1.20 times due to the application of leverage in certain fixed income asset classes.

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, 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%), or one percentage point higher (9.00%) than the current rate.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 11,187,906	\$ 8,511,595	\$ 6,275,152

NOTE 17 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers 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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This 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 refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. 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' CAFR referenced below for additional information.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring 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. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. 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 2019 was 4.00%.

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

The City's contractually required contribution was \$80 for 2019. Of this amount, \$12 is reported as due to other governments.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment 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. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government 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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. 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.

The City's contractually required contribution to OP&F was \$13,056 for 2019. Of this amount, \$2,518 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.02459000%	0.10974200%	
Proportion of the net OPEB liability current measurement date	<u>0.02396600%</u>	<u>0.10427500%</u>	
Change in proportionate share	<u>-0.00062400%</u>	<u>-0.00546700%</u>	
Proportionate share of the net OPEB liability	\$ 3,124,602	\$ 949,584	\$ 4,074,186
OPEB expense	\$ 306,663	\$ (4,622,098)	\$ (4,315,435)

**CITY OF ENGLEWOOD
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,059	\$ -	\$ 1,059
Net difference between projected and actual earnings on OPEB plan investments	143,245	32,143	175,388
Changes of assumptions	100,740	492,219	592,959
Changes in employer's proportionate percentage/ difference between employer contributions	47,699	542,230	589,929
Contributions subsequent to the measurement date	80	13,056	13,136
Total deferred outflows of resources	<u>\$ 292,823</u>	<u>\$ 1,079,648</u>	<u>\$ 1,372,471</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 8,478	\$ 25,442	\$ 33,920
Changes of assumptions	-	262,890	262,890
Changes in employer's proportionate percentage/ difference between employer contributions	50,854	242,780	293,634
Total deferred inflows of resources	<u>\$ 59,332</u>	<u>\$ 531,112</u>	<u>\$ 590,444</u>

\$13,136 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	OP&F	Total
2020	\$ 129,890	\$ 94,938	\$ 224,828
2021	8,496	94,938	103,434
2022	22,863	94,938	117,801
2023	72,162	104,657	176,819
2024	-	89,332	89,332
Thereafter	-	56,677	56,677
Total	<u>\$ 233,411</u>	<u>\$ 535,480</u>	<u>\$ 768,891</u>

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. 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	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is a loss of 5.60% for 2018.

The allocation of investment assets with 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 table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

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MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. 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% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,997,529	\$ 3,124,602	\$ 2,430,392

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% 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 2019 is 10.00%. 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 that in the not-too-distant future, 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 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,003,419	\$ 3,124,602	\$ 3,264,169

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

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

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

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

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

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %	0.80 %
Domestic Equity	16.00	5.30	5.50
Non-US Equity	16.00	6.10	5.90
Private Markets	8.00	8.40	8.40
Core Fixed Income *	23.00	2.20	2.60
High Yield Fixed Income	7.00	4.20	4.80
Private Credit	5.00	8.30	7.50
U.S. Inflation			
Linked Bonds *	17.00	1.30	2.30
Master Limited Partnerships	8.00	6.70	6.40
Real Assets	8.00	7.00	7.00
Private Real Estate	12.00	5.70	6.10
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 17 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. 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 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,156,852	\$ 949,584	\$ 775,600

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be 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 healthcare model to the stipend based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City’s net OPEB liability is expected to be significant.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>	<u>Fire and Rescue</u>	<u>Police</u>	<u>Street fund</u>
Budget basis	\$ 811,951	\$ 51,629	\$ 271,323	\$ 312,509
Net adjustment for revenue accruals	201,138	(8,117)	35,799	20,072
Net adjustment for expenditure accruals	821,438	3,207	(28,685)	16,124
Net adjustment for other sources/uses	(1,469,867)	-	-	-
Funds budgeted elsewhere	(1,305,563)	-	-	-
Adjustment for encumbrances	<u>127,117</u>	<u>53,777</u>	<u>54,060</u>	<u>190,039</u>
GAAP basis	<u>\$ (813,786)</u>	<u>\$ 100,496</u>	<u>\$ 332,497</u>	<u>\$ 538,744</u>

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

**CITY OF ENGLEWOOD
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 19 - FUND BALANCE

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

Fund balance	General	Fire and Rescue Fund	Police Fund	Street Fund	Bond Retirement Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:								
Materials and supplies inventory	\$ -	\$ -	\$ -	\$ 156,311	\$ -	\$ -	\$ -	\$ 156,311
Prepays	43,036	28,226	31,373	12,809	-	-	10,147	125,591
Long-term advances	967,415	-	-	-	-	-	-	967,415
Total nonspendable	1,010,451	28,226	31,373	169,120	-	-	10,147	1,249,317
Restricted:								
Street construction and maintenance	-	-	-	1,438,724	-	-	602,926	2,041,650
Public safety	-	438,051	660,334	-	-	-	275,051	1,373,436
Capital improvements	-	-	-	-	-	1,216,594	-	1,216,594
Other purposes	-	-	-	-	-	-	269,777	269,777
Total restricted	-	438,051	660,334	1,438,724	-	1,216,594	1,147,754	4,901,457
Committed:								
Capital improvements	-	-	-	-	-	2,158,018	-	2,158,018
Total committed	-	-	-	-	-	2,158,018	-	2,158,018
Assigned:								
Street lighting	180,910	-	-	-	-	-	-	180,910
Earl Heck Community Center	239,525	-	-	-	-	-	-	239,525
General government	35,832	-	-	-	-	-	-	35,832
Public health	677	-	-	-	-	-	-	677
Community environment	32,136	-	-	-	-	-	-	32,136
Leisure time activities	18,179	-	-	-	-	-	-	18,179
Capital projects	-	-	-	-	-	2,591,612	-	2,591,612
Subsequent appropriations	2,582,151	-	-	-	-	-	-	2,582,151
Total assigned	3,089,410	-	-	-	-	2,591,612	-	5,681,022
Unassigned	1,990,153	-	-	-	(117,956)	-	-	1,872,197
Total fund balances	\$ 6,090,014	\$ 466,277	\$ 691,707	\$ 1,607,844	\$ (117,956)	\$ 5,966,224	\$ 1,157,901	\$ 15,862,011

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 20 - COMMITMENTS

A. Contractual Commitments

As of December 31, 2019, the City had the following contractual commitments outstanding related to various City projects and purchases:

<u>Vendor</u>	<u>Amount of Contract</u>	<u>Amount Paid as of 12/31/2019</u>	<u>Remaining Commitment 12/31/2019</u>
Stone Environmental Engineering	\$ 124,962	\$ 121,992	\$ 2,970
Jones & Henry Engineers LTD	50,000	40,859	9,141
CIVICA CMI	13,092	-	13,092
Doll-Layman, LTD	599,395	243,482	355,913
Coate Construction	171,636	70,610	101,026
Point to Point Systems	23,500	-	23,500
Lebanon Ford	100,000	-	100,000
Storm7 Labs	<u>80,807</u>	<u>67,907</u>	<u>12,900</u>
 Total	 <u>\$ 1,163,392</u>	 <u>\$ 544,850</u>	 <u>\$ 618,542</u>

B. Other Commitments

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 58,618
Fire and rescue	44,243
Police	47,891
Street	187,325
Capital improvement	201,174
Nonmajor governmental	<u>37,564</u>
 Total	 <u>\$ 576,815</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 21 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2019.

B. Litigation

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

NOTE 22 - SIGNIFICANT SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates may incur a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.025701%	0.026325%	0.024882%	0.025531%
City's proportionate share of the net pension liability	\$ 7,038,983	\$ 4,129,882	\$ 5,650,278	\$ 4,422,291
City's covered payroll	\$ 3,463,686	\$ 3,495,077	\$ 3,237,625	\$ 3,184,508
City's proportionate share of the net pension liability as a percentage of its covered payroll	203.22%	118.16%	174.52%	138.87%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.000838%	0.000845%	0.002002%	0.008640%
City's proportionate share of the net pension asset	\$ 18	\$ 29	\$ 8	\$ 33
City's covered payroll	\$ 4,790	\$ 4,640	\$ 10,389	\$ 48,117
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.38%	0.63%	0.08%	0.07%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.46%	103.40%	103.91%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	<u>2015</u>	<u>2014</u>
	0.025300%	0.025300%
\$	3,051,464	\$ 2,982,540
\$	3,109,367	\$ 2,954,423
	98.14%	100.95%
	86.45%	86.36%
	n/a	n/a
	n/a	n/a
	n/a	n/a
	n/a	n/a
	n/a	n/a

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.10427500%	0.10974200%	0.09423200%	0.09375600%
City's proportionate share of the net pension liability	\$ 8,511,595	\$ 6,735,346	\$ 5,968,562	\$ 6,031,391
City's covered payroll	\$ 2,418,575	\$ 2,487,024	\$ 2,146,230	\$ 2,009,053
City's proportionate share of the net pension liability as a percentage of its covered payroll	351.93%	270.82%	278.10%	300.21%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.09370540%	0.09370540%
\$ 4,854,331	\$ 4,563,747
\$ 2,454,379	\$ 1,906,928
197.78%	239.32%
72.20%	73.00%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 489,615	\$ 484,916	\$ 454,360	\$ 388,515
Contributions in relation to the contractually required contribution	<u>(489,615)</u>	<u>(484,916)</u>	<u>(454,360)</u>	<u>(388,515)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,497,250	\$ 3,463,686	\$ 3,495,077	\$ 3,237,625
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 200	\$ 479	\$ 464	\$ 987
Contributions in relation to the contractually required contribution	<u>(200)</u>	<u>(479)</u>	<u>(464)</u>	<u>(987)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,000	\$ 4,790	\$ 4,640	\$ 10,389
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	9.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 382,141	\$ 373,124	\$ 384,075	\$ 278,238	\$ 259,157	\$ 226,822
<u>(382,141)</u>	<u>(373,124)</u>	<u>(384,075)</u>	<u>(278,238)</u>	<u>(259,157)</u>	<u>(226,822)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,184,508	\$ 3,109,367	\$ 2,954,423	\$ 2,782,380	\$ 2,591,570	\$ 2,543,798
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%

\$ 5,774

(5,774)

\$ -

\$ 63,801

9.05%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 328,143	\$ 298,529	\$ 313,524	\$ 289,374
Contributions in relation to the contractually required contribution	<u>(328,143)</u>	<u>(298,529)</u>	<u>(313,524)</u>	<u>(289,374)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,727,068	\$ 1,571,205	\$ 1,650,126	\$ 1,523,021
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 207,767	\$ 199,132	\$ 196,671	\$ 146,454
Contributions in relation to the contractually required contribution	<u>(207,767)</u>	<u>(199,132)</u>	<u>(196,671)</u>	<u>(146,454)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 884,115	\$ 847,370	\$ 836,898	\$ 623,209
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 285,479	\$ 347,329	\$ 230,055	\$ 179,155	\$ 172,795	\$ 167,070
<u>(285,479)</u>	<u>(347,329)</u>	<u>(230,055)</u>	<u>(179,155)</u>	<u>(172,795)</u>	<u>(167,070)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,502,521	\$ 1,828,047	\$ 1,448,405	\$ 1,405,137	\$ 1,355,255	\$ 1,310,353
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%
\$ 119,035	\$ 147,188	\$ 93,385	\$ 77,284	\$ 79,663	\$ 79,867
<u>(119,035)</u>	<u>(147,188)</u>	<u>(93,385)</u>	<u>(77,284)</u>	<u>(79,663)</u>	<u>(79,867)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 506,532	\$ 626,332	\$ 458,144	\$ 448,023	\$ 461,814	\$ 462,997
23.50%	23.50%	20.38%	17.25%	17.25%	17.25%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.023966%	0.024590%	0.023267%
City's proportionate share of the net OPEB liability	\$ 3,124,602	\$ 2,670,293	\$ 2,350,047
City's covered payroll	\$ 3,468,476	\$ 3,499,717	\$ 3,248,014
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	90.09%	76.30%	72.35%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.10427500%	0.10974200%	0.09423200%
City's proportionate share of the net OPEB liability	\$ 949,584	\$ 6,217,811	\$ 4,472,981
City's covered payroll	\$ 2,418,575	\$ 2,487,024	\$ 2,146,230
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.26%	250.01%	208.41%
Plan fiduciary net position as a percentage of the total OPEB liability	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Contractually required contribution	\$ 80	\$ 192	\$ 35,136	\$ 65,221
Contributions in relation to the contractually required contribution	(80)	(192)	(35,136)	(65,221)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,499,250	\$ 3,468,476	\$ 3,499,717	\$ 3,248,014
Contributions as a percentage of covered payroll	0.00%	0.01%	1.00%	2.01%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 63,690	\$ 62,045	\$ 29,531	\$ 111,295	\$ 103,663	\$ 129,310
<u>(63,690)</u>	<u>(62,045)</u>	<u>(29,531)</u>	<u>(111,295)</u>	<u>(103,663)</u>	<u>(129,310)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,248,309	\$ 3,109,367	\$ 2,954,423	\$ 2,782,380	\$ 2,591,570	\$ 2,543,798
1.96%	2.00%	1.00%	4.00%	4.00%	5.08%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 8,635	\$ 7,856	\$ 8,251	\$ 7,821
Contributions in relation to the contractually required contribution	<u>(8,635)</u>	<u>(7,856)</u>	<u>(8,251)</u>	<u>(7,821)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,727,068	\$ 1,571,205	\$ 1,650,126	\$ 1,523,021
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.51%
<i>Fire:</i>				
Contractually required contribution	\$ 4,421	\$ 4,237	\$ 4,184	\$ 3,116
Contributions in relation to the contractually required contribution	<u>(4,421)</u>	<u>(4,237)</u>	<u>(4,184)</u>	<u>(3,116)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 884,115	\$ 847,370	\$ 836,898	\$ 623,209
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 7,716	\$ 7,346	\$ 52,353	\$ 94,847	\$ 91,479	\$ 88,449
<u>(7,716)</u>	<u>(7,346)</u>	<u>(52,353)</u>	<u>(94,847)</u>	<u>(91,479)</u>	<u>(88,449)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,502,521	\$ 1,828,047	\$ 1,448,405	\$ 1,405,137	\$ 1,355,255	\$ 1,310,353
0.51%	0.40%	0.38%	6.75%	6.75%	6.75%
\$ 2,533	\$ 2,395	\$ 17,286	\$ 30,241	\$ 31,173	\$ 31,252
<u>(2,533)</u>	<u>(2,395)</u>	<u>(17,286)</u>	<u>(30,241)</u>	<u>(31,173)</u>	<u>(31,252)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 506,532	\$ 626,332	\$ 458,144	\$ 448,023	\$ 461,814	\$ 462,997
0.50%	0.50%	3.77%	6.75%	6.75%	6.75%

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

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

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Englewood's basic financial statements and have issued our report thereon dated June 29, 2020, wherein we noted as discussed in Note 22, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods. We also noted as discussed in Note 3, the City of Englewood adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City of Englewood's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City of Englewood's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the City of Englewood's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the City of Englewood's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City of Englewood's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 29, 2020

OHIO AUDITOR OF STATE KEITH FABER



CITY OF ENGLEWOOD

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/20/2020

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