

CITY OF BELLBROOK
GREENE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2024



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

City Council
City of Bellbrook
15 East Franklin Street
Bellbrook, Ohio 45305

We have reviewed the *Independent Auditor's Report* of the City of Bellbrook, Greene County, prepared by Julian & Grube, Inc., for the audit period January 1, 2024 through December 31, 2024. 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 Bellbrook is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 17, 2025

This page intentionally left blank.

**CITY OF BELLBROOK
GREENE COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 15
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	16
Statement of Activities	17 - 18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	23
Statement of Net Position - Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds.....	26
Notes to the Basic Financial Statements.....	27 - 71
 Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) -	
General Fund	74
Police Fund.....	75
Fire Fund.....	76
Schedule of the City's Proportionate Share of the Net Pension Liability/Asset and City Pension Contributions:	
Ohio Public Employees Retirement System (OPERS) - Traditional Plan	77
Ohio Public Employees Retirement System (OPERS) - Member Directed Plan	78
Ohio Police and Fire (OP&F) Pension Fund	79
Schedule of the City's Proportionate Share of the Net OPEB Liability/(Asset) and City OPEB Contributions:	
Ohio Public Employees Retirement System (OPERS)	80
Ohio Police and Fire (OP&F) Pension Fund	81
Notes to the Required Supplementary Information	82 - 86
 Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	
	87 - 88

This page intentionally left blank.

Independent Auditor's Report

City of Bellbrook
Greene County
15 East Franklin Street
Bellbrook, Ohio 45305

To the Members of the City Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

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 Bellbrook, Greene County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Bellbrook's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellbrook, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the City of Bellbrook restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences". Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

City of Bellbrook
Greene County
Independent Auditor's Report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2025, on our consideration of the City of Bellbrook's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bellbrook's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bellbrook's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
July 25, 2025

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The management's discussion and analysis of the City of Bellbrook's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2024. 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 2024 are as follows:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2024 by \$22,630,140 (net position). Of this amount, \$967,898 is restricted in use and \$18,890,694 is the net investment in capital assets. The remaining unrestricted net position is \$2,771,548.
- Total net position increased \$662,815 as a result of current year operations. Net position of governmental activities increased \$232,720 while the net position of business-type activities increased \$430,095.
- The City had \$5,587,943 in expenses related to governmental activities; \$1,289,073 of these expenses were offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$4,298,870 were adequately offset by general revenues (primarily property taxes and unrestricted grants and entitlements) of \$4,531,590.
- The general fund had revenues and other financing sources of \$1,659,181 in 2024 and expenditures (including other financing uses) of \$1,264,333. The fund balance for the general fund increased from \$2,985,834 to \$3,380,682.

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 nonmajor 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 2024?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 that 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.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

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 and fire, street maintenance, capital improvements and general administration. These services are funded primarily by property 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 waste collection and water operations are reported here.

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 two categories: governmental funds and proprietary 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 11.

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 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, police fund, and fire 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.

Proprietary Funds

The City maintains one type 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 waste collection and water operations; both funds are considered major funds.

CITY OF BELLBROOK, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension liability/asset and net OPEB liability/asset, along with contributions to the pension systems and budgetary data for the general fund and major special revenue funds.

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

Government-Wide Financial Analysis

For the table below, amounts for 2024 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 2) while amounts for 2023 have been presented in accordance with previous guidance. The table below provides a summary of the City's net position at December 31, 2024 compared to December 31, 2023.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current and other assets	\$ 9,041,670	\$ 10,183,766	\$ 6,134,908	\$ 5,300,621	\$ 15,176,578	\$ 15,484,387
Capital assets, net	6,918,908	6,260,434	12,740,259	13,154,825	19,659,167	19,415,259
Total assets	15,960,578	16,444,200	18,875,167	18,455,446	34,835,745	34,899,646
Deferred outflows of resources						
Pension	2,212,948	2,176,960	311,763	448,150	2,524,711	2,625,110
OPEB	285,678	331,794	27,139	64,567	312,817	396,361
Total deferred outflows of resources	2,498,626	2,508,754	338,902	512,717	2,837,528	3,021,471
Liabilities						
Current liabilities	264,722	687,769	177,875	136,718	442,597	824,487
Long-term liabilities:						
Due within one year	240,342	292,878	137,935	122,340	378,277	415,218
Net pension liability	6,756,222	6,313,350	983,110	1,090,420	7,739,332	7,403,770
Net OPEB liability	448,262	423,191	-	21,693	448,262	444,884
Other amounts	486,712	106,116	831,310	765,878	1,318,022	871,994
Total liabilities	8,196,260	7,823,304	2,130,230	2,137,049	10,326,490	9,960,353
Deferred inflows of resources						
Property taxes	3,469,250	3,881,000	-	-	3,469,250	3,881,000
Leases	298,810	311,802	-	-	298,810	311,802
Pension	462,255	658,046	1,753	9,760	464,008	667,806
OPEB	465,137	532,105	19,438	8,650	484,575	540,755
Total deferred inflows of resources	4,695,452	5,382,953	21,191	18,410	4,716,643	5,401,363
Net position						
Net investment in capital assets	6,877,836	6,208,379	12,012,858	12,356,563	18,890,694	18,564,942
Restricted	936,280	1,029,815	31,618	4	967,898	1,029,819
Unrestricted (deficit)	(2,246,624)	(1,491,497)	5,018,172	4,456,137	2,771,548	2,964,640
Total net position	\$ 5,567,492	\$ 5,746,697	\$ 17,062,648	\$ 16,812,704	\$ 22,630,140	\$ 22,559,401

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The City has adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

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

GASB 68 and GASB 75 require the net pension liability 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.

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2024, net position was \$5,567,492 and \$17,062,648 for the governmental activities and the business-type activities, respectively.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 43.35% and 67.50% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, land improvements, utility structures, buildings and improvements, machinery and equipment, vehicles, construction in progress, intangible right to use assets and infrastructure. The net investment in capital assets at December 31, 2024, was \$6,877,836 and \$12,012,858 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.

A portion of the City's net position, \$967,898, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was \$2,771,548, consisting of \$5,018,172 in the business-type activities and \$(2,246,624) in the governmental activities.

During 2024, the City implemented GASB Statement No. 101 (see Note 2). For the table below, the implementation has been reported as a change in accounting principle. The table that follows provides a summary of the change in net position for the City's governmental activities and business-type activities for 2024 compared to 2023.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program revenues:						
Charges for services	\$ 246,404	\$ 222,095	\$ 2,759,190	\$ 2,692,373	\$ 3,005,594	\$ 2,914,468
Operating grants and contributions	<u>1,042,669</u>	<u>779,174</u>	<u>-</u>	<u>-</u>	<u>1,042,669</u>	<u>779,174</u>
Total program revenues	<u>1,289,073</u>	<u>1,001,269</u>	<u>2,759,190</u>	<u>2,692,373</u>	<u>4,048,263</u>	<u>3,693,642</u>
General revenues:						
Property and other taxes	3,417,222	3,335,119	-	-	3,417,222	3,335,119
Unrestricted grants and entitlements	699,533	704,281	-	-	699,533	704,281
Investment earnings and fair value adjustment	354,706	315,399	-	-	354,706	315,399
Miscellaneous	<u>60,129</u>	<u>102,414</u>	<u>7,023</u>	<u>4,232</u>	<u>67,152</u>	<u>106,646</u>
Total general revenues	<u>4,531,590</u>	<u>4,457,213</u>	<u>7,023</u>	<u>4,232</u>	<u>4,538,613</u>	<u>4,461,445</u>
Total revenues	<u>5,820,663</u>	<u>5,458,482</u>	<u>2,766,213</u>	<u>2,696,605</u>	<u>8,586,876</u>	<u>8,155,087</u>

- Continued

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Change in Net Position (Continued)					
	Governmental Activities		Business-type Activities		Total	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Expenses:						
General government	\$ 568,684	\$ 589,920	\$ -	\$ -	\$ 568,684	\$ 589,920
Public safety	3,991,969	4,372,246	- -	- -	3,991,969	4,372,246
Transportation	928,456	849,363	- -	- -	928,456	849,363
Community environment	78,458	69,605	- -	- -	78,458	69,605
Recreation	19,124	27,408	- -	- -	19,124	27,408
Interest	1,252	1,605	- -	- -	1,252	1,605
Waste collection	- -	- -	619,816	588,522	619,816	588,522
Water	- -	- -	<u>1,716,302</u>	<u>1,748,064</u>	<u>1,716,302</u>	<u>1,748,064</u>
Total expenses	<u>5,587,943</u>	<u>5,910,147</u>	<u>2,336,118</u>	<u>2,336,586</u>	<u>7,924,061</u>	<u>8,246,733</u>
Change in net position	232,720	(451,665)	430,095	360,019	662,815	(91,646)
Net position as previously reported	5,746,697	6,198,362	16,812,704	16,452,684	22,559,401	22,651,046
Restatement - Change in Accounting Principle	<u>(411,925)</u>	<u>-</u>	<u>(180,151)</u>	<u>-</u>	<u>(592,076)</u>	<u>-</u>
Net position at beginning of year (restated)	<u>5,334,772</u>	<u>6,198,362</u>	<u>16,632,553</u>	<u>16,452,684</u>	<u>21,967,325</u>	<u>22,651,046</u>
Net position at end of year	<u>\$ 5,567,492</u>	<u>\$ 5,746,697</u>	<u>\$ 17,062,648</u>	<u>\$ 16,812,703</u>	<u>\$ 22,630,140</u>	<u>\$ 22,559,400</u>

Governmental Activities

Net position for the governmental activities increased \$232,720 or 4.36% in 2024. Total revenues increased in 2024 due to an increase in both program revenues and general revenues. Program revenues include charges for services, operating grants and contributions that are restricted for specific purposes. Revenues were higher in 2024 primarily due to additional grant contributions. The increase in investment earnings and fair value adjustments came from an increase in investment earnings and an increase in fair value for the City's investments. Investment earnings are reported net of any changes in fair value for investments, which resulted in a net positive investment earnings for 2024.

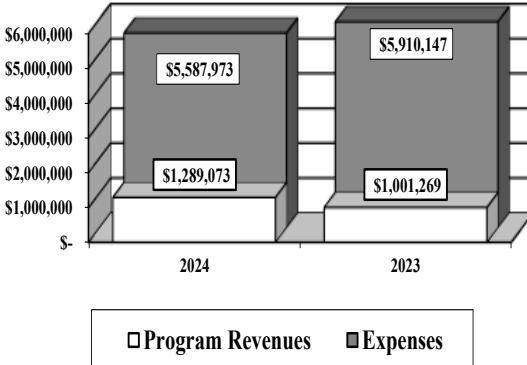
Expenses totaled \$5,587,943 in 2024, which represents a decrease of \$322,204 or 5.45% from 2023. This decrease is a result of a decrease in COVID related grant expenditures as these were one time grant awards.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. As can be seen in the following table, the City is highly dependent upon its general revenues to support its governmental activities.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Governmental Activities - Program Revenues vs. Total Expenses



The following table shows, for governmental activities, the total cost of services and the net cost of services for 2024 and 2023. That is, it identifies the cost of these services supported by general revenues (such as taxes revenue and unrestricted grants and entitlements).

Governmental Activities

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program expenses:				
General government	\$ 568,684	\$ 545,571	\$ 589,920	\$ 568,683
Public safety	3,991,969	3,288,602	4,372,246	3,924,284
Transportation	928,456	375,529	849,363	330,682
Community environment	78,458	68,792	69,605	56,216
Recreation	19,124	19,124	27,408	27,408
Interest	1,252	1,252	1,605	1,605
Total	<u>\$ 5,587,943</u>	<u>\$ 4,298,870</u>	<u>\$ 5,910,147</u>	<u>\$ 4,908,878</u>

The dependence upon general revenues for governmental activities is apparent, with 76.93% of expenses supported through taxes and other general revenues in 2024.

Business-type Activities

Business-type activities include the waste collection and water enterprise funds. These programs had revenues, primarily charges for services, of \$2,766,213 and expenses of \$2,336,118 in 2024. Net position increased by \$430,095 or 2.59%. See page 13 for further discussion of the City's enterprise funds.

Financial Analysis of the City'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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

The City's governmental funds reported a combined fund balance of \$4,423,733 which is \$351,847 lower than last year's total of \$4,775,580. The schedule that follows indicates the fund balances and the total change in fund balances as of December 31, 2024 for all major and non-major governmental funds.

	Fund Balance 12/31/2024	Fund Balance 12/31/2023	<u>Change</u>
Major funds:			
General	\$ 3,380,682	\$ 2,985,834	\$ 394,848
Police	28,091	17,964	10,127
Fire	264,969	462,931	(197,962)
Nonmajor governmental funds	<u>749,991</u>	<u>1,308,851</u>	<u>(558,860)</u>
Total	<u>\$ 4,423,733</u>	<u>\$ 4,775,580</u>	<u>\$ (351,847)</u>

General Fund

The City's general fund balance increased \$394,848 or 13.22%. The following table assists in illustrating the revenues of the general fund.

	2024 <u>Amount</u>	2023 <u>Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Property and other taxes	\$ 848,270	\$ 713,906	18.82 %
Charges for services	2,269	2,009	12.94 %
Fines, licenses and permits	93,644	113,063	(17.18) %
Intergovernmental	294,704	279,244	5.54 %
Special assessments	5,508	2,887	90.79 %
Investment income and fair value adjustment	346,060	313,230	10.48 %
Rental income	15,336	16,341	(6.15) %
Miscellaneous	<u>28,808</u>	<u>93,476</u>	<u>(69.18) %</u>
Total	<u>\$ 1,634,599</u>	<u>\$ 1,534,156</u>	<u>6.55 %</u>

As the table above illustrates, total general fund revenues increased considerably in 2024. Intergovernmental revenues were higher in 2024 compared to 2023 as a result of grant funding from the State of Ohio. Miscellaneous revenues were lower in 2024 due to a fluctuations in reimbursements and rebates. Investment income for the general fund were considerably higher in 2024 due to changes in the fair value of the City's investments.

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

	2024 <u>Amount</u>	2023 <u>Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
General government	\$ 472,545	\$ 422,824	11.76 %
Community environment	77,908	66,868	16.51 %
Recreation	18,389	26,576	(30.81) %
Capital outlay	312,862	612,392	(48.91) %
Debt service	<u>24,629</u>	<u>24,158</u>	<u>1.95 %</u>
Total	<u>\$ 906,333</u>	<u>\$ 1,152,818</u>	<u>(21.38) %</u>

Total general fund expenditures for 2024 were much lower than in the prior year. This is a result of the City spending less on infrastructure, vehicles, and equipment.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Police Fund

The police fund is a major governmental fund and is used to account for property taxes and other revenues restricted for police department operations. This fund had revenues and other financing sources of \$2,055,144 and expenditures of \$2,045,017 in 2024. The total change in fund balance for the year was an increase of \$10,127 or 56.37%.

Fire Fund

The fire fund, a major governmental fund, is used to account for property taxes and other revenues restricted for fire department operations. This fund had revenues of \$1,364,176 and expenditures of \$1,562,138 in 2024. The total change in fund balance for the year was a decrease of \$197,962 or 42.76%.

Enterprise Funds

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail. Both of the City's enterprise funds are reported as major funds; the waste collection fund and water fund.

Operating revenues for both funds were increased due to an increase in charges for services for the water and waste collection fund in 2024. Expenses for the waste collection fund remained comparable to the prior year. For the water fund expenses were generally consistent as well, except for an increase in personal services costs. This was due to the increase in pension and OPEB expense. Net position for the water fund increased \$355,238 while net position for the waste collection fund increased \$74,857.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). 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 and the police and fire major special revenue funds.

In the general fund, original and final budgeted revenues were \$1,481,415. Actual revenues of \$1,603,128 were \$121,713 or 8.22% more than the final budgeted amount. This variance is mostly due to an increase in allocation of local government support from the State.

The original expenditures and other financing uses in the general fund were \$1,562,548. The final budgeted expenditures and other financing uses in the general fund were \$2,360,548. Actual budget basis expenditures and other financing uses totaled \$1,860,115 or \$500,433 (21.20%) less than the final budget.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Capital Assets and Debt Administration

Capital Assets

The following table shows 2024 balances compared to 2023. Additional detail can be found in Note 5 in the notes to the basic financial statements.

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

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 262,230	\$ 262,230	\$ 604,370	\$ 604,370	\$ 866,600	\$ 866,600
Construction in progress	-	97,250	-	-	-	97,250
Land improvements	133,724	146,954	1,582	3,341	135,306	150,295
Utility structures	-	-	9,089,867	9,304,449	9,089,867	9,304,449
Buildings and improvements	1,333,978	1,396,839	2,810,762	2,937,389	4,144,740	4,334,228
Machinery and equipment	61,636	71,164	133,894	153,063	195,530	224,227
Intangible Right to use: Leased Equipment	7,629	12,593	7,630	12,594	15,259	25,187
Intangible Right to use: Software	33,002	43,064	-	-	33,002	43,064
Vehicles	154,035	192,286	92,154	139,619	246,189	331,905
Infrastructure	4,932,674	4,038,054	-	-	4,932,674	4,038,054
Totals	<u>\$ 6,918,908</u>	<u>\$ 6,260,434</u>	<u>\$ 12,740,259</u>	<u>\$ 13,154,825</u>	<u>\$ 19,659,167</u>	<u>\$ 19,415,259</u>

The City's largest governmental capital asset category is infrastructure, which consists of roadways and road improvements. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 71.29% of the City's total governmental capital assets.

The City's largest business-type capital asset category is utility structures (water mains and wells). The net book value of the City's utility structures (cost less accumulated depreciation) represents approximately 71.35% of the City's total business-type capital assets.

Debt Administration

The City had the following long-term obligations outstanding at December 31, 2024 and 2023.

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
OPWC loans	-	-	719,135	784,975
Lease payable	8,265	13,287	8,266	13,287
SBITA payable	32,807	38,768	-	-
Total long-term obligations	<u>\$ 41,072</u>	<u>\$ 52,055</u>	<u>\$ 727,401</u>	<u>\$ 798,262</u>

See Note 10 in the notes to the basic financial statements for detail on the City's long-term obligations.

CITY OF BELLBROOK, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2024

Economic Conditions and Outlook

The City of Bellbrook is among four cities in Ohio (out of a total of over 250 cities) that do not levy a local income tax. This means that the gain or loss of jobs in the local economy has little impact upon revenues in the General Fund. Bellbrook is a suburban, residential community with virtually no manufacturing businesses and a limited number of service and retail operations.

The largest source of revenue is property taxes, primarily generated from single-family housing. Residential development boomed in the 1980's and 1990's but has moderated recently as land available for residential building has become more limited in Bellbrook.

The State of Ohio, in an effort to balance their budget, has decreased several forms of state aid that the City currently receives. These cuts began to impact the City's finances in 2011, but the full effect of their impact is now being felt. The State's current and next proposed biennial budgets do not include further reductions at this time.

Police and fire department operations are funded in majority by their own property tax levies; however the police fund requires a significant subsidy from the General Fund, as there is not sufficient fund balance in the Police Fund, and the Fire Fund is drawing significantly from its fund balance. Major capital costs are paid from the capital outlay department of the General Fund. Service Department costs are funded by the water and street funds with some capital construction costs such as street reconstruction paid from the capital outlay department of the general Fund as well as the Gasoline Tax and State Motor Vehicle License tax Funds..

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 the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Rob Schommer, City Manager/Finance Director, 15 East Franklin Street, Bellbrook, Ohio 45305.

CITY OF BELLBROOK, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 4,375,770	\$ 5,646,354	\$ 10,022,124
Cash with fiscal agents	39,194	-	39,194
Receivables:			
Property taxes	3,492,440	-	3,492,440
Accounts	121,224	404,475	525,699
Leases	313,773	-	313,773
Accrued interest	35,214	-	35,214
Intergovernmental	558,306	-	558,306
Materials and supplies inventory	52,082	46,687	98,769
Prepayments	27,145	5,774	32,919
Net pension asset	4	4	8
Net OPEB asset	26,518	31,614	58,132
Capital assets:			
Nondepreciable/amortizable capital assets	262,230	604,370	866,600
Depreciable/amortizable capital assets, net	6,656,678	12,135,889	18,792,567
Total capital assets, net	<u>6,918,908</u>	<u>12,740,259</u>	<u>19,659,167</u>
Total assets	<u>15,960,578</u>	<u>18,875,167</u>	<u>34,835,745</u>
Deferred outflows of resources:			
Pension	2,212,948	311,763	2,524,711
OPEB	<u>285,678</u>	<u>27,139</u>	<u>312,817</u>
Total deferred outflows of resources	<u>2,498,626</u>	<u>338,902</u>	<u>2,837,528</u>
Total assets and deferred outflows of resources	<u>18,459,204</u>	<u>19,214,069</u>	<u>37,673,273</u>
Liabilities:			
Accounts payable	7,027	56,530	63,557
Accrued wages and benefits payable	88,660	24,740	113,400
Matured compensated absences payable	-	15,486	15,486
Due to other governments	56,794	10,763	67,557
Accrued interest payable	811	-	811
Deposits held and due to others	100,905	-	100,905
Unearned revenue	10,525	70,356	80,881
Long-term liabilities:			
Due within one year	240,342	137,935	378,277
Due in more than one year:			
Net pension liability	6,756,222	983,110	7,739,332
Net OPEB liability	448,262	-	448,262
Other amounts due in more than one year	<u>486,712</u>	<u>831,310</u>	<u>1,318,022</u>
Total liabilities	<u>8,196,260</u>	<u>2,130,230</u>	<u>10,326,490</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	3,469,250	-	3,469,250
Leases	298,810	-	298,810
Pension	462,255	1,753	464,008
OPEB	<u>465,137</u>	<u>19,438</u>	<u>484,575</u>
Total deferred inflows of resources	<u>4,695,452</u>	<u>21,191</u>	<u>4,716,643</u>
Net position:			
Net investment in capital assets	6,877,836	12,012,858	18,890,694
Restricted for:			
Streets and highways	853,191	-	853,191
Public safety programs	56,567	-	56,567
Pension & OPEB	26,522	31,618	58,140
Unrestricted (deficit)	<u>(2,246,624)</u>	<u>5,018,172</u>	<u>2,771,548</u>
Total net position	<u>\$ 5,567,492</u>	<u>\$ 17,062,648</u>	<u>\$ 22,630,140</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
General government	\$ 568,684	\$ 23,113	\$ -
Public safety	3,991,969	211,152	492,215
Transportation	928,456	2,473	550,454
Community environment	78,458	9,666	-
Recreation	19,124	-	-
Interest	1,252	-	-
Total governmental activities	<u>5,587,943</u>	<u>246,404</u>	<u>1,042,669</u>
Business-type activities:			
Waste collection	619,816	694,673	-
Water	1,716,302	2,064,517	-
Total business-type activities	<u>2,336,118</u>	<u>2,759,190</u>	<u>-</u>
Total	<u><u>\$ 7,924,061</u></u>	<u><u>\$ 3,005,594</u></u>	<u><u>\$ 1,042,669</u></u>
General revenues:			
Taxes:			
Property taxes			
License taxes			
Grants and entitlements not restricted to specific programs			
Investment earnings and fair value adjustment			
Miscellaneous			
Total general revenues			
Change in net position			
Net position at beginning of year, as previously reported			
Restatement - change in accounting principle			
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
\$ (545,571)	\$ -	\$ (545,571)
(3,288,602)	-	(3,288,602)
(375,529)	-	(375,529)
(68,792)	-	(68,792)
(19,124)	-	(19,124)
(1,252)	-	(1,252)
<u>(4,298,870)</u>	<u>-</u>	<u>(4,298,870)</u>
-	74,857	74,857
-	348,215	348,215
<u>-</u>	<u>423,072</u>	<u>423,072</u>
(4,298,870)	423,072	(3,875,798)
3,378,474	-	3,378,474
38,748	-	38,748
699,533	-	699,533
354,706	-	354,706
60,129	7,023	67,152
<u>4,531,590</u>	<u>7,023</u>	<u>4,538,613</u>
232,720	430,095	662,815
5,746,697	16,812,704	22,559,401
<u>(411,925)</u>	<u>(180,151)</u>	<u>(592,076)</u>
5,334,772	16,632,553	21,967,325
<u>\$ 5,567,492</u>	<u>\$ 17,062,648</u>	<u>\$ 22,630,140</u>

CITY OF BELLBROOK, OHIO

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024**

	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 2,917,621	\$ 48,537	\$ 305,334	\$ 1,104,278	\$ 4,375,770
Receivables:					
Property taxes	854,477	1,423,464	1,142,269	72,230	3,492,440
Accounts	1,758	-	80,312	39,154	121,224
Leases	313,773	-	-	-	313,773
Accrued interest	35,214	-	-	-	35,214
Interfund loans	440,000	-	-	-	440,000
Intergovernmental	123,592	132,649	60,890	241,175	558,306
Materials and supplies inventory	-	7,877	3,900	40,305	52,082
Prepayments	7,077	11,200	4,656	4,212	27,145
Restricted assets:					
Cash with fiscal agents	-	-	-	39,194	39,194
Total assets	<u>\$ 4,693,512</u>	<u>\$ 1,623,727</u>	<u>\$ 1,597,361</u>	<u>\$ 1,540,548</u>	<u>\$ 9,455,148</u>
Liabilities:					
Accounts payable	\$ 3,589	\$ 988	\$ 2,294	\$ 156	\$ 7,027
Accrued wages and benefits payable	13,685	45,486	29,489	-	88,660
Interfund loans payable	-	-	-	440,000	440,000
Due to other governments	4,452	24,698	25,152	2,492	56,794
Deposits held and due to others	33,372	-	-	67,533	100,905
Unearned revenue	-	-	-	10,525	10,525
Total liabilities	<u>55,098</u>	<u>71,172</u>	<u>56,935</u>	<u>520,706</u>	<u>703,911</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	848,750	1,414,000	1,134,750	71,750	3,469,250
Delinquent property tax revenue not available	5,727	9,464	7,519	480	23,190
Accrued interest not available	11,313	-	-	-	11,313
Miscellaneous revenue not available	-	-	75,563	38,857	114,420
Leases	298,810	-	-	-	298,810
Intergovernmental revenue not available	93,132	101,000	57,625	158,764	410,521
Total deferred inflows of resources	<u>1,257,732</u>	<u>1,524,464</u>	<u>1,275,457</u>	<u>269,851</u>	<u>4,327,504</u>
Fund balances:					
Nonspendable	7,077	19,077	8,556	44,517	79,227
Restricted	-	9,014	256,413	1,018,586	1,284,013
Committed	-	-	-	5,847	5,847
Assigned	165,760	-	-	-	165,760
Unassigned (deficit)	3,207,845	-	-	(318,959)	2,888,886
Total fund balances	<u>3,380,682</u>	<u>28,091</u>	<u>264,969</u>	<u>749,991</u>	<u>4,423,733</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,693,512</u>	<u>\$ 1,623,727</u>	<u>\$ 1,597,361</u>	<u>\$ 1,540,548</u>	<u>\$ 9,455,148</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF BELLBROOK, OHIO

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2024**

Total governmental fund balances \$ 4,423,733

Amounts reported for governmental activities on the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 6,918,908

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.

Delinquent property taxes receivable	\$ 23,190
Accounts receivable	114,420
Intergovernmental receivable	410,521
Accrued interest receivable	<u>11,313</u>
Total	559,444

On the statement of net position interest is accrued on outstanding SBITA payables, whereas in governmental funds, interest is accrued when due. (811)

The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.

Net pension asset	4
Deferred outflows of resources	2,212,948
Deferred inflows of resources	(462,255)
Net pension liability	<u>(6,756,222)</u>
Total	(5,005,525)

The net OPEB asset and liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds.

Net OPEB asset	26,518
Deferred outflows of resources	285,678
Deferred inflows of resources	(465,137)
Net OPEB liability	<u>(448,262)</u>
Total	(601,203)

Long-term liabilities are not due and payable in the current period and therefore are not reported in governmental funds.

Leases payable	(8,265)
SBITA payable	(32,807)
Compensated absences payable	<u>(685,982)</u>
Total	(727,054)

Net position of governmental activities \$ 5,567,492

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

	General	Police	Fire	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property and other taxes	\$ 848,270	\$ 1,388,153	\$ 1,106,644	\$ 109,745	\$ 3,452,812
Charges for services	2,269	81,014	115,061	2,473	200,817
Fees, licenses and permits	93,644	293	-	-	93,937
Fines, forfeitures and settlements	-	-	-	10,752	10,752
Intergovernmental	294,704	213,903	131,661	964,093	1,604,361
Special assessments	5,508	-	-	-	5,508
Investment income and fair value adjustment	346,060	-	-	105	346,165
Rental income	15,336	-	-	-	15,336
Other	28,808	13,781	10,810	6,730	60,129
Total revenues	1,634,599	1,697,144	1,364,176	1,093,898	5,789,817
Expenditures:					
Current:					
General government	472,545	-	-	-	472,545
Public safety	-	2,039,548	1,558,073	497,755	4,095,376
Transportation	-	-	-	683,019	683,019
Community environment	77,908	-	-	-	77,908
Recreation	18,389	-	-	-	18,389
Capital outlay	312,862	-	-	469,155	782,017
Debt service:					
Principal retirement	23,897	5,156	3,836	2,676	35,565
Interest	732	313	229	153	1,427
Total expenditures	906,333	2,045,017	1,562,138	1,652,758	6,166,246
Excess (deficiency) of revenues over (under) expenditures	728,266	(347,873)	(197,962)	(558,860)	(376,429)
Other financing sources (uses):					
Transfers in	-	358,000	-	-	358,000
Transfers (out)	(358,000)	-	-	-	(358,000)
Inception of SBITA	24,582	-	-	-	24,582
Total other financing sources (uses)	(333,418)	358,000	-	-	24,582
Net change in fund balances	394,848	10,127	(197,962)	(558,860)	(351,847)
Fund balance at beginning of year	2,985,834	17,964	462,931	1,308,851	4,775,580
Fund balance at end of year	\$ 3,380,682	\$ 28,091	\$ 264,969	\$ 749,991	\$ 4,423,733

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Net change in fund balances - total governmental funds	\$ (351,847)
<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/amortization expense.	
Capital asset additions	\$ 1,273,651
Current year depreciation/amortization	<u>(615,177)</u>
Total	658,474
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	
Delinquent property taxes	(35,590)
Intergovernmental revenues	4,739
Investment income	8,541
Charges for services	<u>53,156</u>
Total	30,846
Inception of SBITAs are reported as other financing sources in the governmental funds; however, in the statement of activities, they are not reported as revenues since they increase liabilities on the statement of net position.	
	(24,582)
Repayment of principal on debt obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
	35,565
In the statement of activities, interest is accrued on outstanding SBITAs, whereas in governmental funds, an interest expenditure is reported when due.	
	174
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	466,218
OPEB	<u>9,457</u>
Total	475,675
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities.	
Pension	(677,310)
OPEB	<u>12,842</u>
Total	(664,468)
Some compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>72,883</u>
Change in net position of governmental activities	<u>\$ 232,720</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2024**

Business-type Activities - Enterprise Funds			
	Waste Collection	Water	Total
Assets:			
Current assets:			
Equity in pooled cash and investments	\$ 333,560	\$ 5,312,794	\$ 5,646,354
Receivables:			
Accounts	-	404,475	404,475
Materials and supplies inventory	-	46,687	46,687
Prepayments	-	5,774	5,774
Total current assets	<u>333,560</u>	<u>5,769,730</u>	<u>6,103,290</u>
Noncurrent assets:			
Net pension asset	-	4	4
Net OPEB asset	969	30,645	31,614
Capital assets:			
Nondepreciable capital assets	-	604,370	604,370
Depreciable capital assets, net	-	12,135,889	12,135,889
Total capital assets, net	<u>-</u>	<u>12,740,259</u>	<u>12,740,259</u>
Total noncurrent assets	<u>969</u>	<u>12,770,908</u>	<u>12,771,877</u>
Total assets	<u>334,529</u>	<u>18,540,638</u>	<u>18,875,167</u>
Deferred outflows of resources:			
Pension	9,975	301,788	311,763
OPEB	831	26,308	27,139
Total deferred outflows of resources	<u>10,806</u>	<u>328,096</u>	<u>338,902</u>
Liabilities:			
Current liabilities:			
Accounts payable	48,384	8,146	56,530
Accrued wages and benefits payable	1,668	23,072	24,740
Due to other governments	436	10,327	10,763
Compensated absences payable	3,715	63,205	66,920
Unearned revenue	42,901	27,455	70,356
OPWC loans payable	-	65,840	65,840
Lease payable	-	5,175	5,175
Matured compensated absences payable	-	15,486	15,486
Total current liabilities	<u>97,104</u>	<u>218,706</u>	<u>315,810</u>
Long-term liabilities:			
Compensated absences payable	4,408	170,516	174,924
OPWC loans payable	-	653,295	653,295
Lease payable	-	3,091	3,091
Net pension liability	30,119	952,991	983,110
Total long-term liabilities	<u>34,527</u>	<u>1,779,893</u>	<u>1,814,420</u>
Total liabilities	<u>131,631</u>	<u>1,998,599</u>	<u>2,130,230</u>
Deferred inflows of resources:			
Pension	1,371	382	1,753
OPEB	624	18,814	19,438
Total deferred inflows of resources	<u>1,995</u>	<u>19,196</u>	<u>21,191</u>
Net position:			
Net investment in capital assets	-	12,012,858	12,012,858
Restricted for Pension & OPEB	969	30,649	31,618
Unrestricted	210,740	4,807,432	5,018,172
Total net position	<u>\$ 211,709</u>	<u>\$ 16,850,939</u>	<u>\$ 17,062,648</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Business-type Activities - Enterprise Funds			
	Waste Collection	Water	Total
Operating revenues:			
Charges for services	\$ 694,673	\$ 2,063,537	\$ 2,758,210
Other operating revenues	-	7,023	7,023
Special assessments	-	980	980
Total operating revenues	<u>694,673</u>	<u>2,071,540</u>	<u>2,766,213</u>
Operating expenses:			
Personal services	28,775	817,304	846,079
Contract services	591,041	308,919	899,960
Materials and supplies	-	109,469	109,469
Depreciation	-	449,071	449,071
Other	-	30,681	30,681
Total operating expenses	<u>619,816</u>	<u>1,715,444</u>	<u>2,335,260</u>
Operating income	<u>74,857</u>	<u>356,096</u>	<u>430,953</u>
Nonoperating expenses:			
Interest expense	-	(858)	(858)
Total nonoperating expenses	<u>-</u>	<u>(858)</u>	<u>(858)</u>
Change in net position	74,857	355,238	430,095
Net position at beginning of year, as previously reported	140,261	16,672,443	16,812,704
Restatement - change in accounting principle	<u>(3,409)</u>	<u>(176,742)</u>	<u>(180,151)</u>
Net position at beginning of year, restated	<u>136,852</u>	<u>16,495,701</u>	<u>16,632,553</u>
Net position at end of year	<u><u>\$ 211,709</u></u>	<u><u>\$ 16,850,939</u></u>	<u><u>\$ 17,062,648</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Business-type Activities - Enterprise Funds				
	Waste Collection	Water	Total	
Cash flows from operating activities:				
Cash received from charges for services	\$ 694,825	\$ 1,952,509	\$ 2,647,334	
Cash received from other operations	-	6,471	6,471	
Cash payments for personal services	(25,657)	(868,245)	(893,902)	
Cash payments for contract services	(588,138)	(248,318)	(836,456)	
Cash payments for materials and supplies	-	(97,184)	(97,184)	
Cash payments for other expenses	-	(30,681)	(30,681)	
Net cash provided by operating activities	<u>81,030</u>	<u>714,552</u>	<u>795,582</u>	
Cash flows from capital and related financing activities:				
Acquisition of capital assets	-	(34,505)	(34,505)	
Principal retirement	-	(70,861)	(70,861)	
Interest	-	(858)	(858)	
Net cash used in capital and related financing activities	-	(106,224)	(106,224)	
Net increase in cash and investments	<u>81,030</u>	<u>608,328</u>	<u>689,358</u>	
Cash and investments at beginning of year	<u>252,530</u>	<u>4,704,466</u>	<u>4,956,996</u>	
Cash and investments at end of year	<u><u>\$ 333,560</u></u>	<u><u>\$ 5,312,794</u></u>	<u><u>\$ 5,646,354</u></u>	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 74,857	\$ 356,096	\$ 430,953	
Adjustments:				
Depreciation/Amortization	-	449,071	449,071	
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
Accounts receivable	-	(140,015)	(140,015)	
Materials and supplies inventory	-	12,229	12,229	
Prepayments	687	13,784	14,471	
Net OPEB asset	(969)	(30,645)	(31,614)	
Deferred outflows - pension	5,178	131,209	136,387	
Deferred outflows - OPEB	1,360	36,068	37,428	
Accounts payable	2,216	(10,915)	(8,699)	
Accrued wages and benefits	312	5,749	6,061	
Due to other governments	27	675	702	
Compensated absences payable	2,588	(15,365)	(12,777)	
Unearned revenue	152	27,455	27,607	
Net pension liability	(2,230)	(105,080)	(107,310)	
Net OPEB liability	(644)	(21,049)	(21,693)	
Deferred inflows - pension	(2,876)	(5,131)	(8,007)	
Deferred inflows - OPEB	<u>372</u>	<u>10,416</u>	<u>10,788</u>	
Net cash provided by operating activities	<u><u>\$ 81,030</u></u>	<u><u>\$ 714,552</u></u>	<u><u>\$ 795,582</u></u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Bellbrook, Ohio (the "City") is a home rule municipal corporation under the laws of the State of Ohio and operates under its own Charter. The current Charter, which provides for a Council/Manager form of government, was adopted in 1971 and has subsequently been amended.

The City provides various services including police and fire protection, street maintenance, water utility service, planning, zoning and other general government services. Legislative power is vested in a seven-member council with a separately elected Mayor serving a two-year term and six council members elected to four-year terms. The Council appoints the City Manager/Finance Director and Clerk of Council. The City Manager is Chief Executive Officer and the head of the administrative agencies of the City who appoints all department heads and employees.

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the primary government, except for its fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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 - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General fund - This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Police fund - This fund accounts for money received and expended for the Police department.

Fire fund - This fund accounts for money received and expended for the Fire department.

The City reports the following major proprietary funds:

Water fund - This fund accounts for the operations of the water system to residential and commercial users in the service area.

Waste collection fund - This fund accounts for the provision of waste collection service to the residents and commercial users located within the City.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements measure and report all assets (both financial and capital), liabilities, deferred inflows/outflows, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and are reported on a modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which, for the City's purposes, is considered to be 60 days after year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues considered susceptible to accrual are property taxes, franchise fees, state-levied locally shared taxes, fines and forfeitures and fees. These revenues have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets, liabilities, and deferred inflows/outflows associated with the operation of these funds are included on the statement of net position.

Proprietary fund operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in total net position. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the final amended certificate of estimated resources issued during the year.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year. Appropriations are legally required for each fund at the level of personal services or other expenses on a department level.

E. Equity in Pooled Cash and Investments

To improve cash management, cash received by the City except cash held by a fiscal agent, is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

Interest earnings are allocated to the General Fund except for funds derived from contract, trust agreement, grant terms or City policy which require crediting otherwise. Interest revenue credited to the General Fund during 2024 amounted to \$346,060, which includes \$243,468 assigned from other funds.

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.

F. Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

G. 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.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 values as of the date received. During 2024, the City's capitalization threshold was \$5,000. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water 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. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Life</u>
Land Improvements	10 - 15 years
Buildings & Improvements	50 - 75 years
Machinery & Equipment	5 - 20 years
Intangible Assets	5 years
Vehicles	5 - 20 years
Infrastructure	20 - 50 years
Utility Structures in Service	50 - 75 years

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

H. Compensated Absences

The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - vacation, sick leave and comp time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the City and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Compensatory Time

The City's policy permits employees to accumulate earned but unused compensatory time, which are eligible for payment at the employee's current pay rate upon separation from employment.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the governmental column of the statement of net position.

J. Internal Activity

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

K. Fund Balance Classifications

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 resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. The nonspendable fund balances for the City includes materials and supplies inventory and prepaid items.

Restricted - The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by City Council. In the General Fund, assigned amounts represent intended uses established by Council or a City official delegated that authority by City charter or ordinance. State statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

L. Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the end of the financial statements and reported revenues and expenditures/expenses during the reporting period. Actual results may differ from those estimates.

M. Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 7 and 8 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2024, but which were levied to finance 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 7 and 8 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

N. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. 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. 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.

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

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension asset and 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.

P. 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.

Q. 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. Bonds, loans, notes and leases are recognized as a liability on the governmental fund financial statements when due. 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.

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for the water and waste collection enterprise funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity for the fund. All revenues and expenses not meeting these descriptions are reported as nonoperating revenues and expenses.

S. Unearned Revenue

Unearned revenue arises when revenues are received before revenue recognition criteria have been satisfied. At December 31, 2024 this includes grant revenue received before all eligibility requirements have been met and waste collection charges paid in advance.

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2024, the City has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62", Implementation Guide No. 2023-1 and GASB Statement No. 101, "Compensated Absences".

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the City.

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the City.

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

B. Deficit Fund Balances

Fund balances at December 31, 2024 included the following individual fund deficit:

<u>Nonmajor governmental fund</u>	<u>Deficit</u>
Capital improvement fund	\$ 318,959

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

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Restatement of Net Position

During 2024, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is shown in the table below.

	12/31/2023 As Previously Reported	Change in Accounting Principle	12/31/2023 As Restated
Net Position			
Governmental Activities	\$ 5,746,697	\$ (411,925)	\$ 5,334,772
Business-Type Activities	16,812,704	(180,151)	16,632,553
Total Net Position	<u>\$ 22,559,401</u>	<u>\$ (592,076)</u>	<u>\$ 21,967,325</u>
Proprietary Funds			
Major Funds:			
Waste Fund	\$ 140,261	\$ (3,409)	\$ 136,852
Water Fund	16,672,443	(176,742)	16,495,701
Total Proprietary Funds	<u>\$ 16,812,704</u>	<u>\$ (180,151)</u>	<u>\$ 16,632,553</u>

NOTE 3 - POOLED CASH 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 the City has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must 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:

1. United States Treasury Notes, Bills, Bonds, 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;
2. Bonds, notes, debentures, or any other obligations or securities 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;

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) 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.

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 City 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 City Manager/Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet as "equity in pooled cash and investments."

A. Deposits

At December 31, 2024, the bank balance of the City's cash deposits was \$3,645,427. As of December 31, 2024, \$250,000 of the City's bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) and \$3,395,427 was covered by the OPCS.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

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. 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. For 2024, the City's financial institutions were approved for a reduced collateral rate of 85 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.

B. Investments

The Ohio Revised Code and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio, certificates of deposit, repurchase agreements, United States treasury bills and notes, federal agency securities, bankers' acceptances and commercial paper of the highest rating. The city's investment policy applies to all funds and fund types. All deposits are made to authorized public depositories and contracts with such institutions are in accordance with the Ohio Revised Code and the City's investment policy.

For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Except for STAR Ohio and the U.S. Government Money Market (NAV), the City's investments are measured 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 observed, either directly or indirectly (Level 2 inputs). STAR Ohio has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures the 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.

As of December 31, 2024, the City had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	Investment Maturities			
		6 Months <u>or Less</u>	7 to 12 <u>Months</u>	13 to 18 <u>Months</u>	19 to 24 <u>Months</u>
<i>Fair value:</i>					
Federal Home Loan Bank (FHLB)	\$ 453,731	\$ -	\$ -	\$ 205,057	\$ 248,674
U.S. Treasury Notes	1,577,979	453,006	238,313	444,626	442,034
<i>Amortized cost:</i>					
U.S. Government Money Market	6,001	6,001	-	-	-
STAR Ohio	4,347,493	4,347,493	-	-	-
Total	\$ 6,385,204	\$ 4,806,500	\$ 238,313	\$ 649,683	\$ 690,708

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 - POOLED CASH AND INVESTMENTS - (Continued)

The weighted average maturity of investments is 0.37 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from fluctuating interest rates and in accordance with the Ohio Revised Code, the City's investment policy limits investment portfolio maturities to five years or less. The investment policy also requires sufficient liquidity to be maintained in the portfolio and that investments be scheduled to mature concurrently with ongoing cash requirements so that the City's obligations can be met without selling securities.

Custodial Credit Risk: 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 investment or collateral securities that are in the possession of an outside party. The City has no investment policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

Credit Risk: It is the City's policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2024, the City's investment in STAR Ohio and U.S. Government Money Market was rated AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The City's investments in federal agency securities, U.S. Treasury Notes and U.S Treasury Bills were rated AA+ by Standard & Poor's.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement</u>	
	<u>Amount</u>	<u>% of Total</u>
<i>Fair value:</i>		
Federal Home Loan Bank (FHLB)	\$ 453,731	7.11%
U.S. Treasury Notes	1,577,979	24.71%
<i>Amortized cost:</i>		
U.S. Government Money Market	6,001	0.09%
STAR Ohio	4,347,493	68.09%
Total	\$ 6,385,204	100.00%

C. Cash with Fiscal Agent

At year-end, the City had \$39,194 on deposit with the Greene County Treasurer for permissive funds collected, but not distributed yet to the City. The data regarding insurance and collateralization can be obtained from the Greene County Annual Comprehensive Financial Report for the year ended December 31, 2024. This amount is not included in the City's depository balances.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4 - 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. 2024 public utility property taxes became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bellbrook. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2024 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow of resources since the current taxes were not levied to finance 2024 operations and the collection of delinquent taxes has been offset by a 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 considered a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2024 was \$21.25 per \$1,000 of assessed value. The assessed values of real and public utility tangible personal property upon which 2023 property tax receipts were based are as follows:

Real property	\$ 271,733,900
Public utility property	<u>7,446,030</u>
Total assessed value	<u>\$ 279,179,930</u>

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 - CAPITAL ASSETS

A. Governmental Activities

Governmental activities capital asset activity for the year ended December 31, 2024, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>12/31/23</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/24</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 262,230	\$ -	\$ -	\$ 262,230
Construction-in-progress	<u>97,250</u>	<u>1,016,872</u>	<u>(1,114,122)</u>	<u>-</u>
Total capital assets, not being depreciated/amortized	<u>359,480</u>	<u>1,016,872</u>	<u>(1,114,122)</u>	<u>262,230</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	474,754	-	-	474,754
Buildings and improvements	3,124,303	-	-	3,124,303
Machinery and equipment	683,345	-	-	683,345
Intangible right to use:				
Leased equipment	24,821	-	-	24,821
Software	66,966	24,582	-	91,548
Vehicles	1,789,921	32,226	(47,823)	1,774,324
Infrastructure	<u>7,933,000</u>	<u>1,314,093</u>	<u>-</u>	<u>9,247,093</u>
Total capital assets, being depreciated/amortized	<u>14,097,110</u>	<u>1,370,901</u>	<u>(47,823)</u>	<u>15,420,188</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(327,800)	(13,230)	-	(341,030)
Buildings and improvements	(1,727,464)	(62,861)	-	(1,790,325)
Machinery and equipment	(612,181)	(9,528)	-	(621,709)
Intangible right to use:				
Leased equipment	(12,228)	(4,964)	-	(17,192)
Software	(23,902)	(34,644)	-	(58,546)
Vehicles	(1,597,635)	(70,477)	47,823	(1,620,289)
Infrastructure	<u>(3,894,946)</u>	<u>(419,473)</u>	<u>-</u>	<u>(4,314,419)</u>
Total accumulated depreciation/amortization	<u>(8,196,156)</u>	<u>(615,177)</u>	<u>47,823</u>	<u>(8,763,510)</u>
Total capital assets, being depreciated/amortized	<u>5,900,954</u>	<u>755,724</u>	<u>-</u>	<u>6,656,678</u>
Governmental activities capital assets, net	<u>\$ 6,260,434</u>	<u>\$ 1,772,596</u>	<u>\$ (1,114,122)</u>	<u>\$ 6,918,908</u>

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 5 - CAPITAL ASSETS - (Continued)

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

General government	\$ 119,567
Public safety	78,212
Transportation	<u>417,398</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 615,177</u>

B. Business-Type Activities

Changes in capital assets for the business-type activities for the year ended December 31, 2024 were as follows:

	Balance 12/31/23	Additions	Disposals	Balance 12/31/24
Business-type activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 604,370	\$ -	\$ -	\$ 604,370
Total capital assets, not being depreciated/amortized	<u>604,370</u>	<u>-</u>	<u>-</u>	<u>604,370</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	31,404	-	-	31,404
Utility structures in service	17,679,415	25,604	-	17,705,019
Buildings and improvements	5,574,519	8,901	-	5,583,420
Machinery and equipment	633,255	-	-	633,255
Intangible right to use:				
Leased equipment	24,821	-	-	24,821
Vehicles	<u>560,583</u>	<u>-</u>	<u>-</u>	<u>560,583</u>
Total capital assets, being depreciated/amortized	<u>24,503,997</u>	<u>34,505</u>	<u>-</u>	<u>24,538,502</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(28,063)	(1,759)	-	(29,822)
Utility structures in service	(8,374,966)	(240,186)	-	(8,615,152)
Buildings and improvements	(2,637,130)	(135,528)	-	(2,772,658)
Machinery and equipment	(480,192)	(19,169)	-	(499,361)
Intangible right to use:				
Leased equipment	(12,227)	(4,964)	-	(17,191)
Vehicles	<u>(420,964)</u>	<u>(47,465)</u>	<u>-</u>	<u>(468,429)</u>
Total accumulated depreciation/amortization	<u>(11,953,542)</u>	<u>(449,071)</u>	<u>-</u>	<u>(12,402,613)</u>
Total capital assets, being depreciated/amortized	<u>12,550,455</u>	<u>(414,566)</u>	<u>-</u>	<u>12,135,889</u>
Business-type activities capital assets, net	<u>\$ 13,154,825</u>	<u>\$ (414,566)</u>	<u>\$ -</u>	<u>\$ 12,740,259</u>

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. In 2004, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

The City pays an annual premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. During 2024, MVRMA's per occurrence retention limit for most property claims was \$250,000; exceptions included a retention of \$10,000 - \$350,000 per occurrence for boiler and machinery. Liability had a per occurrence retention limit of \$500,000. After the retention limits are reached, excess insurance will cover up to the limits stated below:

General liability	\$9,500,000 per occurrence
Automobile liability	\$9,500,000 per occurrence
Police professional liability	\$9,500,000 per occurrence
Public officials liability	\$9,500,000 per occurrence
Boiler and machinery	\$100,000,000 per occurrence
Property	\$1,000,000,000 per occurrence
Flood	\$25,000,000 per occurrence
Earthquake	\$25,000,000 per occurrence

There were no significant reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in each of the past three years.

The City is a member of a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers compensation rating purposes. The City pays the State Workers' Compensation System a premium based on salaries paid.

Medical coverage is offered to employees through a self-funded insurance plan. The plan is offered to local governments state-wide through the Jefferson Health Plan (JHP) in Steubenville, Ohio and claims are administered by United Healthcare of Ohio. The City participates in the plan and makes payment to the JHP based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

NOTE 7 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability (Asset) and Net OPEB Liability (Asset)

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

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

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

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The remainder of this note includes the pension disclosures. See Note 8 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

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

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

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

The City's contractually required contribution for the Traditional Pension Plan and Member-Directed Plan was \$164,363 for 2024. Of this amount, \$18,059 is reported as due to other governments.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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

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

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

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

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

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

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

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$391,240 for 2024. Of this amount, \$46,390 is reported as due to other governments

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

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

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

	<u>OPERS -</u>			<u>OPERS -</u>			<u>OP&F</u>	<u>Total</u>
	<u>OPERS -</u>	<u>Traditional</u>	<u>Member- Directed</u>	<u>OP&F</u>	<u>OP&F</u>	<u>OP&F</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability/asset prior measurement date		0.0067660%	0.0000950%	0.0569015%				
Proportion of the net pension liability/asset current measurement date		<u>0.0069050%</u>	<u>0.0000740%</u>	<u>0.0613947%</u>				
Change in proportionate share		<u>0.0001390%</u>	<u>-0.0000210%</u>	<u>0.0044932%</u>				
Proportionate share of the net pension liability	\$ 1,807,757	\$ -	\$ 5,931,575	\$ 7,739,332				
Proportionate share of the net pension asset	-	(8)	-	(8)				
Pension expense	228,990	(1)	558,776	787,765				

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2024, 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	\$ 29,546	\$ 25	\$ 190,419	\$ 219,990
Net difference between projected and actual earnings on pension plan investments	364,883	1	672,171	1,037,055
Changes of assumptions	-	1	374,869	374,870
Changes in employer's proportionate percentage/ difference between employer contributions	21,623	-	315,570	337,193
Contributions subsequent to the measurement date	164,298	65	391,240	555,603
Total deferred outflows of resources	<u>\$ 580,350</u>	<u>\$ 92</u>	<u>\$ 1,944,269</u>	<u>\$ 2,524,711</u>
 Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ -	\$ 66,338	\$ 66,338
Changes of assumptions	-	-	90,077	90,077
Changes in employer's proportionate percentage/ difference between employer contributions	1,753	-	305,840	307,593
Total deferred inflows of resources	<u>\$ 1,753</u>	<u>\$ -</u>	<u>\$ 462,255</u>	<u>\$ 464,008</u>

\$555,603 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2025.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - 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 -				Total
	OPERS - Traditional	Member- Directed	OP&F		
2025	\$ 105,900	\$ 3	\$ 262,328	\$ 368,231	
2026	127,508	3	290,815	418,326	
2027	232,847	3	454,858	687,708	
2028	(51,956)	2	(3,882)	(55,836)	
2029	-	-	85,849	85,849	
Thereafter	-	16	806	822	
Total	\$ 414,299	\$ 27	\$ 1,090,774	\$ 1,505,100	

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, 2023, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2023, compared to the December 31, 2022 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 2.30%, simple through 2024, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.20% for 2023.

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

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

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

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share			
of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,845,896	\$ 1,807,757	\$ 944,328
Member-Directed Plan	(6)	(8)	(10)

Actuarial Assumptions - OP&F

OP&F's total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No.67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. A comprehensive experience study was performed during 2022 by OP&F's actuary and completed as of December 31, 2021. Changes in demographic and economic actuarial assumptions were made. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful life of the participants which was 6.03 years at December 31, 2023.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2023, compared to December 31, 2022, are presented below.

Valuation date	1/1/23 with actuarial liabilities rolled forward to 12/31/23
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

Healthy Mortality

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

Disabled Mortality

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

Contingent Annuitant Mortality

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

Pre-Retirement Mortality

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

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

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

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 7 - 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, 2023 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation		
linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	<u>2.00</u>	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 7,856,813	\$ 5,931,575	\$ 4,330,553

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability (Asset)

See Note 7 for a description of the net OPEB liability (asset).

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least age 55.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

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

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

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>	January 1, 2015 through <i>December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

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

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

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51.00% and 90.00% of the base allowance for both non-Medicare and Medicare retirees.

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10.00% each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20.00% per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a 2.00% allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.00%. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$26 for 2024. Of this amount, \$3 is reported as due to other governments.

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

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$9,445 for 2024. Of this amount, \$1,120 is reported as due to other governments.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability 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:

	OPERS	OP&F	Total
Proportion of the net OPEB liability			
prior measurement date	0.0063060%	0.0569015%	
Proportion of the net OPEB liability/asset			
current measurement date	<u>0.0064410%</u>	<u>0.0613947%</u>	
Change in proportionate share	<u>0.0001350%</u>	<u>0.0044932%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 448,262	\$ 448,262
Proportionate share of the net OPEB asset	(58,132)	-	(58,132)
OPEB expense	(7,553)	(10,366)	(17,919)

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

At December 31, 2024, 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	\$ -	\$ 21,554	\$ 21,554
Net difference between projected and actual earnings on OPEB plan investments	34,911	33,100	68,011
Changes of assumptions	14,966	154,255	169,221
Changes in employer's proportionate percentage/ difference between employer contributions	- 26	44,560	44,560
Contributions subsequent to the measurement date	9,445	9,471	
Total deferred outflows of resources	<u>\$ 49,903</u>	<u>\$ 262,914</u>	<u>\$ 312,817</u>
 Deferred inflows of resources			
Differences between expected and actual experience	\$ 8,274	\$ 82,374	\$ 90,648
Changes of assumptions	24,988	288,668	313,656
Changes in employer's proportionate percentage/ difference between employer contributions	2,572	77,699	80,271
Total deferred inflows of resources	<u>\$ 35,834</u>	<u>\$ 448,741</u>	<u>\$ 484,575</u>

\$9,471 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2025.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (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
2025	\$ (3,272)	\$ (33,694)	\$ (36,966)
2026	1,932	(24,962)	(23,030)
2027	27,172	(14,312)	12,860
2028	(11,789)	(39,745)	(51,534)
2029	-	(42,495)	(42,495)
Thereafter	-	(40,064)	(40,064)
Total	\$ 14,043	\$ (195,272)	\$ (181,229)

Actuarial Assumptions - OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023.

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
Prior Measurement date	including wage inflation 2.75 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	5.70%
Prior Measurement date	5.22%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	3.77%
Prior Measurement date	4.05%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2038
Prior Measurement date	5.50% initial, 3.50% ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.00% for 2023.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

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

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00 %	2.82 %
Domestic equities	25.00	4.27
Real Estate Investment Trusts (REITs)	5.00	4.68
International equities	25.00	5.16
Risk parity	3.00	4.38
Other investments	5.00	2.43
Total	100.00 %	

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability/(asset)	\$ 31,947	\$ (58,132)	\$ (132,749)

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

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

	Current Health Care Trend Rate		
	1% Decrease	Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 60,545	\$ 58,132	\$ 55,393

Actuarial Assumptions - OP&F

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

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

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

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

Key methods and assumptions used in the December 31, 2023, compared to the December 31, 2022 actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2023, with actuarial liabilities rolled forward to December 31, 2023
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	
Current measurement date	7.50%
Prior measurement date	7.50%
Projected Salary Increases	
Current measurement date	3.50% to 10.50%
Prior measurement date	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	4.07%
Prior measurement date	4.27%
Cost of Living Adjustments	2.20% simple per year

Health Mortality

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

Disabled Mortality

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

Contingent Annuitant Mortality

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

Pre-Retirement Mortality

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

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

The 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 OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a 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 BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 8 - POSTEMPLOYMENT BENEFITS - (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, 2023, are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	18.60 %	4.10 %
Non-US equity	12.40	4.90
Private markets	10.00	7.30
Core fixed income *	25.00	2.40
High yield fixed income	7.00	4.10
Private credit	5.00	6.80
U.S. inflation		
linked bonds *	15.00	2.10
Midstream energy infrastructure	5.00	5.80
Real assets	8.00	6.00
Gold	5.00	3.50
Private real estate	12.00	5.40
Commodities	<u>2.00</u>	3.50
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

* levered 2x

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

Discount Rate - Total OPEB liability was calculated using the discount rate of 4.07%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50% was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38% was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07%.

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 4.07%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07%), or one percentage point higher (5.07%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 552,134	\$ 448,262	\$ 360,781

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - LEASES RECEIVABLES

The City is reporting leases receivable of \$313,773 in the general fund. For fiscal year 2024, the City recognized lease revenue of \$20,087, which is reported in rental income, and interest revenue of \$16,250 in the governmental funds.

The City has entered into the following lease agreement as follows:

Purpose	Fund	Lease Commencement		Years	Lease End Date	Payment Method
		Date	Years			
Cell Tower	General	2009	38		2047	Monthly

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

Year	Principal	Interest	Total
2025	\$ 4,034	\$ 16,053	\$ 20,087
2026	4,241	15,847	20,088
2027	4,458	15,630	20,088
2028	4,686	15,402	20,088
2029	6,934	15,162	22,096
2030-2034	42,579	70,112	112,691
2035-2039	67,103	56,857	123,960
2040-2044	99,822	36,534	136,356
2045-2047	<u>79,916</u>	<u>8,312</u>	<u>88,228</u>
Total	<u>\$ 313,773</u>	<u>\$ 249,909</u>	<u>\$ 563,682</u>

NOTE 10 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 101 (see Note 2.C for detail), the City has restated compensated absences as of December 31, 2023, which is reflected in the schedule below. The changes in governmental activities long-term obligations during the year as follows:

Governmental activities:	Restated			Amounts	
	Balance		Decrease	Balance	Due in One Year
	12/31/23	Increase			
Lease Payable	\$ 13,287	\$ -	\$ (5,022)	\$ 8,265	\$ 5,175
SBITA Payable	38,768	24,582	(30,543)	32,807	15,698
Compensated Absences*	758,865	-	(72,883)	685,982	219,469
Net Pension Liability	6,313,350	526,484	(83,612)	6,756,222	-
Net OPEB Liability	<u>423,191</u>	<u>43,140</u>	<u>(18,069)</u>	<u>448,262</u>	<u>-</u>
Total Governmental Activities	<u>\$ 7,547,461</u>	<u>\$ 594,206</u>	<u>\$ (210,129)</u>	<u>\$ 7,931,538</u>	<u>\$ 240,342</u>

*The change in compensated absences liability is presented as a net change.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Lease Payable - The City has entered into a lease agreement for the use of right to use equipment. The lease payments will be paid from the general fund, the police fund and the fire fund.

The City has entered into a lease agreement with the following terms:

Purpose	Lease Commencement	Years	Lease End	Payment Method
Copiers	2021	5	2026	Monthly

The following is a schedule of future lease payments under the lease agreement:

Year	Principal	Interest	Total
2025	\$ 5,175	\$ 177	\$ 5,352
2026	<u>3,090</u>	<u>32</u>	<u>3,122</u>
Total	<u><u>\$ 8,265</u></u>	<u><u>\$ 209</u></u>	<u><u>\$ 8,474</u></u>

SBITA Payable - The City has entered into software agreements for the right to use software. Due to the implementation of GASB Statement No. 96, the City reports an intangible capital asset and corresponding liability for the future scheduled payments under the agreements.

The City has entered into SBITA agreements with the following terms:

Vendor	Subscription Commencement	Years	Subscription End	Payment Method
iWorQ - Code Enforcement	2022	2	2024	Annual
Granicus	2023	4	2026	Annual
Zencity	2022	3	2025	Annual
Debtbook	2024	3	2026	Annual

Year	Principal	Interest	Total
2025	\$ 15,698	\$ 877	\$ 16,575
2026	<u>17,109</u>	<u>458</u>	<u>17,567</u>
Total	<u><u>\$ 32,807</u></u>	<u><u>\$ 1,335</u></u>	<u><u>\$ 34,142</u></u>

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Due to the implementation of GASB Statement No. 101 (see Note 2.C for detail), the City has restated compensated absences as of December 31, 2023, which is reflected in the schedule below. The changes in business-type activities long-term obligations during the year as follows:

	(Restated)			Amounts	
	Balance 12/31/23	Increase	Decrease	Balance 12/31/24	Due in One Year
Business-type activities:					
<u>Ohio Public Works Commission loans from direct borrowing:</u>					
Water treatment plant					
improvement - 2010 - 0.00%	\$ 533,642	\$ -	\$ (56,173)	\$ 477,469	\$ 56,173
Upper hillside water main -					
2018 - 0.00%	<u>251,333</u>	<u>-</u>	<u>(9,667)</u>	<u>241,666</u>	<u>9,667</u>
Total OPWC loans	<u>784,975</u>	<u>-</u>	<u>(65,840)</u>	<u>719,135</u>	<u>65,840</u>
<u>Other Obligations:</u>					
Lease payable	13,287	-	(5,021)	8,266	5,175
Compensated absences*	270,108	-	(28,264)	241,844	66,920
Net pension liability	1,090,420	-	(107,310)	983,110	-
Net OPEB liability	21,693	-	(21,693)	-	-
Total Other Obligations	<u>1,395,508</u>	<u>-</u>	<u>(162,288)</u>	<u>1,233,220</u>	<u>72,095</u>
Total Business-type Activities	<u>\$ 2,180,483</u>	<u>\$ -</u>	<u>\$ (228,128)</u>	<u>\$ 1,952,355</u>	<u>\$ 137,935</u>

*The change in compensated absences liability is presented as a net change.

OPWC Loans - The OPWC loans are considered direct borrowing. The City has pledged future Water Fund revenues to repay and Ohio Public Works Commission (OPWC) loan related to the Upper hillside water main improvements. The loan is payable solely from the Water Fund revenues and is payable through 2049 at an interest rate of 0.00%.

During 2010, the City entered into another OPWC loan agreement for the purpose of financing construction costs associated with the City's water treatment plant improvements. The loan is payable solely from the Water Fund revenues and is payable through 2032 at an interest rate of 0.00%.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City of all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future OPWC payments under the OPWC agreements:

<u>Year Ending December 31,</u>	<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2025	65,840	-
2026	65,839	-
2027	65,840	-
2028	65,839	-
2029	65,840	-
2030 - 2034	244,937	-
2035 - 2039	48,334	-
2040 - 2044	48,333	-
2045 - 2049	<u>48,333</u>	<u>-</u>
Total	<u>\$ 719,135</u>	<u>\$ -</u>

Lease Payable - The City has entered into a lease agreement for the use of right to use equipment. The lease payments will be paid from the water fund.

The City has entered into a lease agreement with the following terms:

<u>Purpose</u>	<u>Lease Commencement</u>	<u>Years</u>	<u>Lease End</u>	<u>Payment Method</u>
Copiers	2021	5	2026	Monthly

The following is a schedule of future lease payments under the lease agreement:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 5,175	\$ 177	\$ 5,352
2026	<u>3,091</u>	<u>31</u>	<u>3,122</u>
Total	<u>\$ 8,266</u>	<u>\$ 208</u>	<u>\$ 8,474</u>

Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2024, the City's total debt margin was \$29,313,893 and the unvoted debt margin was \$15,354,896.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 11 - JOINTLY GOVERNED ORGANIZATIONS

A. Miami Valley Risk Management Association

The City is a member of the Miami Valley Risk Management Association (MVRMA) which is a jointly governed organization established as a joint insurance pool. As of December 31, 2024, MVRMA had twenty-one members. MVRMA covers all property, crime, liability, boiler and machinery and public liability insurance. MVRMA is intended to provide broad based coverage up to established limits with increased emphasis on safety and loss prevention.

MVRMA is a corporation governed by a twenty one member board of trustees consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own book of account. Budgeting and financing of MVRMA is subject to the approval of the board. As of December 31, 2024, the member cities were: Beavercreek, Bellbrook, Blue Ash, Centerville, Englewood, Fairfield, Indian Hill, Kettering, Madeira, Mason, Miamisburg, Montgomery, Piqua, Sidney, Springdale, Tipp City, Troy, Vandalia, West Carrollton, Wilmington and Wyoming.

Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses and to create adequate reserves for claims. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

B. Jefferson Health Plan

The City is a member of the Center for Local Government Benefits Pool (CLGBP) which is a member of the Jefferson Health Plan (JHP). JHP is a jointly governed organization established as a joint insurance pool. As of December 31, 2024, JHP had over 100 members. JHP provides medical, dental and prescription benefit coverage.

JHP is governed by a nine member board of trustees elected from all members. The board is responsible for the business and financial affairs of the JHP. Member contributions are calculated annually to produce a sufficient sum of money within the self-insurance pool to fund administrative expenses and to create adequate reserves for claims. The City has no explicit and measurable equity interest in JHP and no ongoing financial responsibility to JHP.

NOTE 12 - CONTINGENT LIABILITIES

A. Grants

The City receives financial assistance when applicable from 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 is 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, 2024.

B. Litigation

The City is not party to any legal proceedings that, in the opinion of management, will have a material adverse effect on the financial condition of the City.

CITY OF BELLBROOK, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - 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 as follows:

Fund balance	General	Police	Fire	Nonmajor	Total
				Governmental Funds	Governmental Funds
Nonspendable:					
Materials and supplies	\$ -	\$ 7,877	\$ 3,900	\$ 40,305	\$ 52,082
Prepayments	<u>7,077</u>	<u>11,200</u>	<u>4,656</u>	<u>4,212</u>	<u>27,145</u>
Total nonspendable	<u>7,077</u>	<u>19,077</u>	<u>8,556</u>	<u>44,517</u>	<u>79,227</u>
Restricted:					
Public safety programs	-	9,014	256,413	25,925	291,352
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>992,661</u>	<u>992,661</u>
Total restricted	<u>-</u>	<u>9,014</u>	<u>256,413</u>	<u>1,018,586</u>	<u>1,284,013</u>
Committed:					
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,847</u>	<u>5,847</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,847</u>	<u>5,847</u>
Assigned:					
General government	13,575	-	-	-	13,575
Recreation	230	-	-	-	230
Community and environment	58	-	-	-	58
Capital improvements	<u>151,897</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,897</u>
Total assigned	<u>165,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,760</u>
Unassigned	<u>3,207,845</u>	<u>-</u>	<u>-</u>	<u>(318,959)</u>	<u>2,888,886</u>
Total fund balances	<u>\$ 3,380,682</u>	<u>\$ 28,091</u>	<u>\$ 264,969</u>	<u>\$ 749,991</u>	<u>\$ 4,423,733</u>

NOTE 14 - 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, commitments for encumbrances in the City's major funds were as follows:

Fund	Year-End
	Encumbrances
General fund	\$ 165,760
Police fund	16,249
Fire fund	3,144
Nonmajor governmental funds	<u>133,874</u>
Total	<u>\$ 319,027</u>

CITY OF BELLBROOK, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

NOTE 15 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended December 31, 2024, consisted of the following, as reported on the fund financial statements:

Transfers from General fund to:

Police fund	<u>\$ 358,000</u>
-------------	-------------------

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

All transfers were made in compliance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

B. Interfund loans receivable/payable consisted of the following at December 31, 2024 as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Capital Improvement Fund (a non major governmental fund)	<u>\$ 440,000</u>

The interfund loans are expected to be repaid once the anticipated revenues are received by the borrowing funds. Interfund balances between governmental funds are eliminated for reporting on the statement of net position.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
	Budgetary Basis			
Budgetary revenues:				
Property and other taxes	\$ 961,000	\$ 961,000	\$ 848,270	\$ (112,730)
Charges for services	1,500	1,500	2,269	769
Fines, licenses and permits	102,600	102,600	94,119	(8,481)
Intergovernmental	234,815	234,815	286,656	51,841
Special assessments	3,000	3,000	5,508	2,508
Investment income	150,000	150,000	301,054	151,054
Rental income	17,500	17,500	22,235	4,735
Other	11,000	11,000	43,017	32,017
Total budgetary revenues	1,481,415	1,481,415	1,603,128	121,713
Budgetary expenditures:				
Current:				
General government	777,769	775,769	498,293	(277,476)
Community environment	78,387	80,387	76,190	(4,197)
Recreation	35,269	35,269	18,180	(17,089)
Capital outlay	671,123	671,123	469,452	(201,671)
Total budgetary expenditures	1,562,548	1,562,548	1,062,115	(500,433)
Budgetary excess (deficiency) of revenues over (under) expenditures	(81,133)	(81,133)	541,013	(378,720)
Budgetary other financing sources (uses):				
Advances (out) and not repaid	-	(440,000)	(440,000)	-
Transfers (out)	-	(358,000)	(358,000)	-
Total budgetary other financing sources (uses)	-	(798,000)	(798,000)	-
Net change in fund balance	(81,133)	(879,133)	(256,987)	(378,720)
Budgetary fund balances at beginning of year	2,774,895	2,774,895	2,774,895	-
Prior year encumbrances appropriated	191,030	191,030	191,030	-
Budgetary fund balances at end of year	\$ 2,884,792	\$ 2,086,792	\$ 2,708,938	\$ (378,720)

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
			Budgetary Basis	
Budgetary revenues:				
Property and other taxes	\$ 1,507,951	\$ 1,601,000	\$ 1,388,153	\$ (212,847)
Charges for services.	58,397	62,000	73,046	11,046
Fines, licenses and permits	2,119	2,250	293	(1,957)
Intergovernmental	178,957	190,000	218,347	28,347
Other	2,826	3,000	13,781	10,781
Total budgetary revenues	1,750,250	1,858,250	1,693,620	(164,630)
Budgetary expenditures:				
Current:				
Public safety	2,221,652	2,231,152	2,058,793	(172,359)
Total budgetary expenditures	2,221,652	2,231,152	2,058,793	(172,359)
Budgetary excess (deficiency) of revenues over (under) expenditures	(471,402)	(372,902)	(365,173)	(336,989)
Budgetary other financing sources:				
Transfers in	358,000	358,000	358,000	-
Total budgetary other financing sources	358,000	358,000	358,000	-
Net change in fund balances	(113,402)	(14,902)	(7,173)	(336,989)
Budgetary fund balances at beginning of year	18,470	18,470	18,470	-
Prior year encumbrances appropriated	20,886	20,886	20,886	-
Budgetary fund balances at end of year	\$ (74,046)	\$ 24,454	\$ 32,183	\$ (336,989)

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under) Actual Amounts
	Original	Final		
			Budgetary Basis	
Budgetary revenues:				
Property and other taxes	\$ 1,237,000	\$ 1,237,000	\$ 1,106,644	\$ (130,356)
Charges for services	100,000	100,000	135,754	35,754
Intergovernmental	117,000	117,000	131,412	14,412
Other	2,000	2,000	10,810	8,810
Total budgetary revenues	<u>1,456,000</u>	<u>1,456,000</u>	<u>1,384,620</u>	<u>(71,380)</u>
Budgetary expenditures:				
Current:				
Public safety	1,570,831	1,585,831	1,547,696	(38,135)
Total budgetary expenditures	<u>1,570,831</u>	<u>1,585,831</u>	<u>1,547,696</u>	<u>(38,135)</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>(114,831)</u>	<u>(129,831)</u>	<u>(163,076)</u>	<u>(109,515)</u>
Net change in fund balances	(114,831)	(129,831)	(163,076)	(109,515)
Budgetary fund balances at beginning of year	459,190	459,190	459,190	-
Prior year encumbrances appropriated	6,076	6,076	6,076	-
Budgetary fund balances at end of year	<u>\$ 350,435</u>	<u>\$ 335,435</u>	<u>\$ 302,190</u>	<u>\$ (109,515)</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
CITY PENSION CONTRIBUTIONS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - TRADITIONAL PLAN

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.006905000%	\$ 1,807,757	\$ 1,147,479	157.54%	79.01%
2023	0.006766000%	1,998,679	1,048,371	190.65%	75.74%
2022	0.006679000%	581,100	917,736	63.32%	92.62%
2021	0.006473000%	958,510	917,736	104.44%	86.88%
2020	0.006075000%	1,200,765	861,100	139.45%	82.17%
2019	0.006172000%	1,690,386	837,229	201.90%	74.70%
2018	0.006757000%	1,060,042	892,915	118.72%	84.66%
2017	0.006951000%	1,578,452	1,003,092	157.36%	77.25%
2016	0.007040000%	1,219,417	967,708	126.01%	81.08%
2015	0.007348000%	886,251	990,742	89.45%	86.45%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 164,298	\$ (164,298)	\$ -	\$ 1,173,557	14.00%
2023	160,647	(160,647)	-	1,147,479	14.00%
2022	146,772	(146,772)	-	1,048,371	14.00%
2021	136,065	(136,065)	-	971,893	14.00%
2020	128,483	(128,483)	-	917,736	14.00%
2019	120,554	(120,554)	-	861,100	14.00%
2018	117,212	(117,212)	-	837,229	14.00%
2017	116,079	(116,079)	-	892,915	13.00%
2016	120,371	(120,371)	-	1,003,092	12.00%
2015	116,125	(116,125)	-	967,708	12.00%

(1) 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 BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION ASSET AND
CITY PENSION CONTRIBUTIONS**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) - MEMBER DIRECTED PLAN

LAST TEN FISCAL YEARS

Calendar Year (1) (2)	City's Proportion of the Net Pension Asset	City's Proportionate Share of the Net Pension Asset	City's Covered Payroll	City's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.000074000%	\$ 8	\$ 540	1.48%	134.44%
2023	0.000095000%	7	650	1.08%	126.74%
2022	0.000091000%	17	590	2.88%	171.84%
2021	0.000098000%	18	590	3.05%	188.21%
2020	0.008933000%	338	53,110	0.64%	118.84%
2019	0.019282000%	439	110,220	0.40%	113.42%
2018	0.020795000%	726	104,480	0.69%	124.46%
2017	-	-	-	-	-
2016	-	-	-	-	-
2015	-	-	-	-	-

Calendar Year (2)	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)		City's Covered Payroll	Contributions as a Percentage of Covered Payroll
Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll		
2024	\$ 65	\$ (65)	\$ -	\$ 650	10.00%	
2023	54	(54)	-	540	10.00%	
2022	65	(65)	-	650	10.00%	
2021	57	(57)	-	570	10.00%	
2020	59	(59)	-	590	10.00%	
2019	5,311	(5,311)	-	53,110	10.00%	
2018	11,022	(11,022)	-	110,220	10.00%	
2017	-	-	-	-	-	
2016	-	-	-	-	-	
2015	-	-	-	-	-	

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

(2) Amounts for the member directed plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Calendar Year (1)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Covered Payroll	City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.0613947%	\$ 5,931,575	\$ 1,837,109	322.88%	63.63%
2023	0.0569015%	5,405,091	1,562,082	346.02%	62.90%
2022	0.0611296%	3,819,024	1,608,292	237.46%	75.03%
2021	0.0642780%	4,381,889	1,608,731	272.38%	70.65%
2020	0.0628527%	4,234,094	1,538,581	275.19%	69.89%
2019	0.0657510%	5,367,019	1,517,265	353.73%	63.07%
2018	0.0679240%	4,168,790	1,513,225	275.49%	70.91%
2017	0.0694510%	4,398,957	1,493,116	294.62%	68.36%
2016	0.0692290%	4,453,550	1,436,377	310.05%	66.77%
2015	0.0693680%	3,593,567	1,410,189	254.83%	72.20%

Calendar Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Police & Fire:</i>					
2024	\$ 391,240	\$ (391,240)	\$ -	\$ 1,888,983	20.71%
2023	379,732	(379,732)	-	1,837,109	20.67%
2022	323,343	(323,343)	-	1,562,082	20.70%
2021	330,993	(330,993)	-	1,608,292	20.58%
2020	334,338	(334,338)	-	1,608,731	20.78%
2019	320,155	(320,155)	-	1,538,581	20.81%
2018	312,865	(312,865)	-	1,517,265	20.62%
2017	312,758	(312,758)	-	1,513,225	20.67%
2016	315,794	(315,794)	-	1,493,116	21.15%
2015	296,912	(296,912)	-	1,436,377	20.67%

(1) 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 BELLBROOK, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability/(Asset)	City's Proportionate Share of the Net OPEB Liability/(Asset)	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.006441000%	\$ (58,132)	\$ 1,148,019	5.06%	107.76%
2023	0.006306000%	39,762	1,049,021	3.79%	94.79%
2022	0.006220000%	(194,820)	972,463	20.03%	128.23%
2021	0.006032000%	(107,465)	918,326	11.70%	115.57%
2020	0.006009000%	829,999	914,210	90.79%	47.80%
2019	0.006507000%	848,359	947,449	89.54%	46.33%
2018	0.007110000%	772,094	892,915	86.47%	54.14%
2017	0.007232270%	730,483	1,003,092	72.82%	54.05%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions			
2024	\$ 26	\$ (26)	\$ -	\$ 1,174,207	0.00%
2023	22	(22)	-	1,148,019	0.00%
2022	26	(26)	-	1,049,021	0.00%
2021	23	(23)	-	972,463	0.00%
2020	23	(23)	-	918,326	0.00%
2019	2,124	(2,124)	-	914,210	0.23%
2018	4,409	(4,409)	-	947,449	0.47%
2017	8,929	(8,929)	-	892,915	1.00%
2016	20,053	(20,053)	-	1,003,092	2.00%
2015	19,345	(19,345)	-	967,708	2.00%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.
 (2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO
SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	City's Proportion of the Net OPEB Liability	City's Proportionate Share of the Net OPEB Liability	City's Covered Payroll	City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.061394700%	\$ 448,262	\$ 1,837,109	24.40%	51.89%
2023	0.056901500%	405,122	1,562,082	25.93%	52.59%
2022	0.061129600%	670,033	1,608,731	41.65%	46.86%
2021	0.064278000%	681,036	1,608,731	42.33%	45.42%
2020	0.062852700%	620,842	1,538,581	40.35%	47.08%
2019	0.065751000%	598,764	1,517,265	39.46%	46.57%
2018	0.067924000%	3,848,461	1,513,225	254.32%	14.13%
2017	0.069451000%	3,296,683	1,493,116	220.79%	15.96%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions			City's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)		
<i>Police & Fire:</i>					
2024	\$ 9,445	\$ (9,445)	\$ -	\$ 1,888,983	0.50%
2023	9,186	(9,186)	-	1,837,109	0.50%
2022	7,811	(7,811)	-	1,562,082	0.50%
2021	8,041	(8,041)	-	1,608,292	0.50%
2020	8,044	(8,044)	-	1,608,731	0.50%
2019	7,693	(7,693)	-	1,538,581	0.50%
2018	7,587	(7,587)	-	1,517,265	0.50%
2017	7,566	(7,566)	-	1,513,225	0.50%
2016	7,741	(7,741)	-	1,493,116	0.52%
2015	7,266	(7,266)	-	1,436,377	0.51%

(1) Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.
(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BELLBROOK, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 - BUDGETARY PROCESS

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

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, police fund, and fire funds 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); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis is as follows:

Net Change in Fund Balance

	<u>General fund</u>	<u>Police Fund</u>	<u>Fire Fund</u>
Budget basis	\$ (256,987)	\$ (7,173)	\$ (163,076)
Net adjustment for revenue accruals	27,934	3,524	(20,444)
Net adjustment for expenditure accruals	(10,043)	(2,578)	(17,586)
Net adjustment for other sources/uses	464,582	-	-
Funds budgeted elsewhere	3,537	-	-
Adjustments for encumbrances	<u>165,825</u>	<u>16,354</u>	<u>3,144</u>
GAAP Basis	<u><u>\$ 394,848</u></u>	<u><u>\$ 10,127</u></u>	<u><u>\$ (197,962)</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the payroll clearing fund and unclaimed monies fund.

CITY OF BELLBROOK, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Change in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25%, (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75% and (d) COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2018, then 2.15% simple.
- 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%.
- For 2020, COLA for post 1/7/2013 retirees were changed to 1.40%, simple through 2020, then 2.15% simple.
- For 2021, COLA for post 1/7/2013 retirees were changed to 0.50%, simple through 2021, then 2.15% simple.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- For 2023, COLA for post 1/7/2013 retirees were changed to 3.00%, simple through 2023, then 2.05% simple.
- For 2024, COLA for post 1/7/2013 retirees were changed to 2.30%, simple through 2024, then 2.05% simple.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

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

CITY OF BELLBROOK, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

Changes in assumptions:

- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.25% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.
- For 2023, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the mortality rates were changed from the RP-2014 Total Employee and Healthy Annuitant mortality tables to various Pub-2010 mortality tables using the MP-2021 Improvement Scale.
- There were no changes in assumptions for 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF BELLBROOK, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) the investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.
- For 2024, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed to 5.70%, (b) the municipal bond rate was changed to 3.77% and (c) the health care cost trend rate was changed to 5.50% initial, 3.50% ultimate in 2038.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.
- There were no changes in benefit terms from the amounts reported for 2024.

CITY OF BELLBROOK, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change 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) investment rate of return was reduced from 8.25% to 8.00%.
- 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% and (b) the municipal bond rate was increased from 3.16% to 4.13%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56% and (b) the municipal bond rate was decreased from 4.13% to 2.75%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96% and (b) the municipal bond rate was decreased from 2.75% to 2.12%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50%, (b) the discount rate was changed from 2.96% to 2.84% and (c) the municipal bond rate was decreased from 2.12% to 2.05%.
- For 2023, 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 changed from 2.84% to 4.27% and (b) the municipal bond rate was increased from 2.05% to 3.65%.
- For 2024, 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 changed to 4.07% and (b) and the municipal bond rate was changed to 3.38%.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

City of Bellbrook
Greene County
15 East Franklin Street
Bellbrook, Ohio 45305

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bellbrook, Greene County, Ohio, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City of Bellbrook's basic financial statements, and have issued our report thereon dated July 25, 2025, wherein we noted as described in Note 2 to the financial statements, the City of Bellbrook restated beginning net position as a result of a change in accounting principle by implementing GASB Statement No. 101, "Compensated Absences".

Report on Internal Control over Financial Reporting

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

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

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

City of Bellbrook
Greene County
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Julian & Grube, Inc." The signature is cursive and fluid, with "Julian" and "Grube" connected by a horizontal line.

Julian & Grube, Inc.
July 25, 2025

OHIO AUDITOR OF STATE KEITH FABER



CITY OF BELLBROOK

GREENE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/30/2025

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

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