

**OHIO AUDITOR OF STATE  
KEITH FABER**



**City of Munroe Falls  
Summit County, Ohio**

**General Purpose External Financial Statements  
For the Year Ended December 31, 2021**

**Local Government Services Section**

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**City of Munroe Falls, Ohio**  
*General Purpose External Financial Statements*  
*For the Year Ended December 31, 2021*  
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# OHIO AUDITOR OF STATE KEITH FABER



Local Government Services  
88 East Broad Street, Fourth Floor  
Columbus, Ohio 43215-3506  
(614) 466-4717 or (800) 345-2519  
ContactLGS@ohioauditor.gov

City of Munroe Falls  
43 Munroe Falls Avenue  
Munroe Falls, Ohio 44262

## Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the City of Munroe Falls as of and for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board and was prepared by management. We did not compile, review or audit the information nor do we express an opinion, a conclusion, nor provide any assurance on the information.

The Schedules of the City's Proportionate Share of Net Pension Liability (Asset), the Schedules of the City's Proportionate Share of the Net OPEB Liability (Asset), and the Schedules of the City's Contributions are not part of the basic financial statements but the Governmental Accounting Standards Board requires their presentation to supplement the basic financial statement. We have compiled these schedules without audit or review and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this information.

KEITH FABER  
Auditor of State

A handwritten signature in blue ink that reads "David B. Thompson".

David B. Thompson  
Chief of Local Government Services  
Columbus, Ohio

May 31, 2022

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**City of Munroe Falls, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*Unaudited*

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The management's discussion and analysis of the City of Munroe Falls' (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. 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 2021 are:

- In total, net position increased by \$1,696,326. Net position of governmental activities increased \$1,333,699, which represents an 18.16 percent increase over 2020. Net position of business-type activity increased \$362,627, or a 10.89 percent increase over 2020.
- Program specific revenues in the form of charges for services and operating assessments, operating grants and contributions and capital grants and contributions accounted for \$2,555,880, or 42.59 percent of total revenues of \$6,001,180. General revenues accounted for \$3,445,300 in revenue, or 57.41 percent of all revenues.
- During 2021, the general fund had \$2,259,975 in revenues and sale of capital assets and \$2,122,721 in expenditures and transfers out, realizing an increase in fund balance of \$137,254.
- Total long-term liabilities decreased by \$1,545,068 during 2021 due to changes in the net pension/OPEB liabilities and the City paying down debt.

### **Using This Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City of Munroe Falls as a financial whole or as an entire operating entity. The statements proceed to provide an increasingly detailed look at our specific financial condition.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of the net position. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

**City of Munroe Falls, Ohio**  
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**Reporting the City of Munroe Falls as a Whole**

***Statement of Net Position and Statement of Activities***

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2021?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the changes in that net position. The changes in net position are important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished; however, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

The *Statement of Net Position* and the *Statement of Activities* are divided into the following categories:

- Assets
- Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
- Net Position
- Program Revenue and Expenses
- General Revenues
- Net Position Beginning of Year and End of Year

**Reporting the City of Munroe Falls' Most Significant Funds**

***Fund Financial Statements***

The analysis of the City's major funds begins on page 10. Fund financial reports provide detailed information about the City's major funds based on the restrictions on the use of monies. The City has established many funds which account for the multitude of services and facilities provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Munroe Falls, the major funds are the general, road and bridge, coronavirus local fiscal recovery, police levy, fire department special levy, EMS special levy, and water funds.

***Governmental Funds***

Most of the City's activities are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. Governmental funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements.

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**Proprietary Funds**

The City's only proprietary fund (water) is an enterprise fund which uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the City as a whole.

**The City as a Whole**

The *Statement of Net Position* looks at the City as a whole. Table 1 provides a summary of the City's net position for 2021 compared to 2020.

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activity		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and Other Assets	\$6,933,734	\$5,848,931	\$1,574,822	\$1,530,092	\$8,508,556	\$7,379,023
Net OPEB Asset	89,033	0	18,236	0	107,269	0
Capital Assets, Net	6,974,492	7,029,918	3,352,918	3,395,652	10,327,410	10,425,570
<i>Total Assets</i>	<u>13,997,259</u>	<u>12,878,849</u>	<u>4,945,976</u>	<u>4,925,744</u>	<u>18,943,235</u>	<u>17,804,593</u>
<b>Deferred Outflows of Resources</b>						
Pension	510,487	511,168	31,507	107,197	443,677	618,365
OPEB	293,110	306,605	14,773	67,161	251,686	369,511
<i>Total Deferred Outflows of Resources</i>	<u>803,597</u>	<u>817,773</u>	<u>46,280</u>	<u>174,358</u>	<u>695,363</u>	<u>987,876</u>
<b>Liabilities</b>						
Current and Other Liabilities	480,616	151,577	349,818	332,350	830,434	483,927
Long-Term Liabilities:						
Due Within One Year	260,853	279,022	112,677	224,685	373,530	503,707
Due in More than One Year:						
Net Pension Liability	2,410,857	2,513,926	162,746	375,564	2,573,603	2,889,490
Net OPEB Liability	251,204	832,213	0	244,425	251,204	1,076,638
Other Amounts	927,917	1,098,096	376,575	479,966	1,304,492	1,578,062
<i>Total Liabilities</i>	<u>4,331,447</u>	<u>4,874,834</u>	<u>1,001,816</u>	<u>1,656,990</u>	<u>5,333,263</u>	<u>6,531,824</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	910,260	904,572	0	0	910,260	904,572
Pension	513,145	391,667	180,538	79,665	595,366	471,332
OPEB	366,366	179,610	118,627	34,799	428,796	210,154
<i>Total Deferred Inflows of Resources</i>	<u>1,789,771</u>	<u>1,475,849</u>	<u>299,165</u>	<u>114,464</u>	<u>1,934,422</u>	<u>1,586,058</u>
<b>Net Position</b>						
Net Investment in Capital Assets	5,972,533	5,826,335	2,596,402	2,431,754	8,568,935	8,258,089
Restricted for:						
Capital Projects	25,071	27,814	0	0	25,071	27,814
Street Maintenance and Repair	1,164,348	1,048,260	0	0	1,164,348	1,048,260
Fire Department	247,351	292,207	0	0	247,351	292,207
EMS	732,369	660,028	0	0	732,369	660,028
Other Purposes	80,075	48,734	0	0	80,075	48,734
Unrestricted (Deficit)	457,891	(557,439)	1,094,873	896,894	1,552,764	339,455
<i>Total Net Position</i>	<u>\$8,679,638</u>	<u>\$7,345,939</u>	<u>\$3,691,275</u>	<u>\$3,328,648</u>	<u>\$12,370,913</u>	<u>\$10,674,587</u>

**City of Munroe Falls, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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The net pension liability (NPL) is the largest liability reported by the City at December 31, 2021. 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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 previously, changes in pension 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 pension 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 is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

By comparing assets, deferred outflows, liabilities and deferred inflows of resources, one can see the overall position of the City has increased as evidenced by the increase in net position. Management continues to diligently plan expenses, staying carefully within the City’s revenues in an effort to maintain excellent levels of service within the constraints of the budget.

The increase in net position was due to a decrease in long-term liabilities. The decrease was due to changes in the net pension and OPEB liabilities from changes in assumptions for benefits, contribution rates, and return on investments, as well as the City paying down debt.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the years 2021 and 2020.

**City of Munroe Falls, Ohio**  
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Unaudited

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activity		Total	
	2021	2020	2021	2020	2021	2020
<b>Program Revenues:</b>						
Charges for Services and						
Operating Assessments	\$465,342	\$371,687	\$1,451,126	\$1,273,261	\$1,916,468	\$1,644,948
Operating Grants and Contributions	635,249	986,504	0	0	635,249	986,504
Capital Grants and Contributions	0	0	4,163	5,012	4,163	5,012
<b>Total Program Revenues</b>	<b>1,100,591</b>	<b>1,358,191</b>	<b>1,455,289</b>	<b>1,278,273</b>	<b>2,555,880</b>	<b>2,636,464</b>
<b>General Revenues:</b>						
Property Taxes	904,069	833,822	0	0	904,069	833,822
Income Tax	1,795,108	1,564,861	0	0	1,795,108	1,564,861
Grants and Entitlements not						
Restricted to Specific Programs	259,305	242,832	0	0	259,305	242,832
Unrestricted Contributions	0	8,540	0	0	0	8,540
Gain on Sale of Capital Asset	248,942	1,257	0	0	248,942	1,257
Interest	(14,509)	96,440	0	0	(14,509)	96,440
Other	252,385	206,021	0	73	252,385	206,094
<b>Total General Revenues</b>	<b>3,445,300</b>	<b>2,953,773</b>	<b>0</b>	<b>73</b>	<b>3,445,300</b>	<b>2,953,846</b>
<b>Total Revenues</b>	<b>4,545,891</b>	<b>4,311,964</b>	<b>1,455,289</b>	<b>1,278,346</b>	<b>6,001,180</b>	<b>5,590,310</b>
<b>Program Expenses:</b>						
General Government	671,220	797,498	0	0	671,220	797,498
Security of Persons and Property	2,278,943	2,277,224	0	0	2,278,943	2,277,224
Transportation	144,010	816,248	0	0	144,010	816,248
Public Health and Welfare	19,263	39,233	0	0	19,263	39,233
Leisure Time Activities	66,165	49,479	0	0	66,165	49,479
Interest and Fiscal Charges	32,591	36,953	0	0	32,591	36,953
Water Operations	0	0	1,092,662	1,358,399	1,092,662	1,358,399
<b>Total Program Expenses</b>	<b>3,212,192</b>	<b>4,016,635</b>	<b>1,092,662</b>	<b>1,358,399</b>	<b>4,304,854</b>	<b>5,375,034</b>
Excess of Revenues Over (Under)						
Expenses	1,333,699	295,329	362,627	(80,053)	1,696,326	215,276
Transfers	0	(21,000)	0	21,000	0	0
Change in Net Position	1,333,699	274,329	362,627	(59,053)	1,696,326	215,276
Net Position Beginning of Year	7,345,939	7,071,610	3,328,648	3,387,701	10,674,587	10,459,311
Net Position End of Year	<b>\$8,679,638</b>	<b>\$7,345,939</b>	<b>\$3,691,275</b>	<b>\$3,328,648</b>	<b>\$12,370,913</b>	<b>\$10,674,587</b>

**Governmental Activities**

Several revenue sources fund the City's governmental activities with City income tax being the largest. Income from wages, salaries, tips, commissions, profits from rents, profits from business, professional fees, wage continuation plans, prizes and gambling winnings are subject to a 2.25 percent tax rate. Income earned by residents that work outside of the City is subject to the difference of 2.25 percent after 100 percent credit of the other municipality's tax rate. The rise in income tax revenue is attributable to the economy beginning to return to normal following the COVID-19 pandemic and its immediate impact from mandated closures on local businesses.

**City of Munroe Falls, Ohio**  
*Management's Discussion and Analysis*  
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*Unaudited*

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General revenues from property taxes and local government funds are also significant revenue generators. Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January of that preceding year, the lien date. Assessed values are established by the County Fiscal Officer at 35 percent of the appraised market value. All property is required to be revalued every six years with triennial updates. Property tax revenues were higher than 2020's amount.

General government expenses include such services as planning, zoning, administration, finance, legal, legislature, and engineering. These expenses decreased due to negative pension and OPEB expenses experienced during the year due to changes in assumptions related to the net pension and OPEB liabilities.

The police department continues to operate efficiently utilizing full and part time personnel. The police department operations are funded by property taxes levied specifically for the police operations and by general fund revenues, which are transferred monthly to the police levy fund. The fire department is primarily a volunteer force and works from one fire station. Operations are funded primarily through fire and EMS special levies and EMS billing collections. Security of persons and property spending is carefully monitored; however, 2021 was slightly higher than the prior year. Even with the negative pension and OPEB expenses experienced, less expenses being capitalized during the year than the prior year largely offset each other.

Transportation costs include street lighting, snow and ice removal, and street maintenance. These costs were lower than 2020 due to higher capitalization of road project expenses than what occurred in the prior year in addition to the negative pension and OPEB expenses.

### **The City's Funds**

The City of Munroe Falls uses fund accounting as mandated by governmental legal requirements. The intent of accounting and reporting using this method is to demonstrate compliance with these finance related requirements.

### ***Governmental Funds***

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. The City focuses on its governmental funds to provide a financial picture of activities as they provide information on how the City did over a period of one year as well as where the City's funds stood at December 31, 2021. The information provided is useful to determine the City's available balances. The City's total 2021 governmental fund balance increased over the prior year.

The most significant fund is the general fund. Overall, revenues increased in 2021 and were enough to cover expenditures, which increased over the prior year, in order to increase fund balance by \$137,254 for the year, once other financing sources and uses were factored in.

The road and bridge, police levy, and fire department special levy funds had decreases in fund balance while the EMS special levy fund had an increase. All four funds' revenues were higher than the prior year; however, all but the EMS special levy fund also had higher expenditures.

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***Business-Type Fund***

As mentioned earlier, the City's only business-type activity is the water fund. Net position of the water fund increased in 2021. Charges for services increased over the prior year due to an incremental increase in water rates. While revenues increased, expenses also decreased as a result of changes in the net pension and OPEB liabilities due to changes in assumptions for benefits, contribution rates, and return on investments.

***General Fund Budgeting Highlights***

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. All capital projects and requests for capital purchases are approved by Council within the annual budget. Any request to amend the budget is referred to the Finance and Audit Committee, and then submitted to Council for approval. The City's legal level of control has been established by Council at the personal services and other object level within each fund and department.

The most significant budgeted fund is the general fund. The general fund supports many major activities such as parks, zoning, finance, administrative, legal, as well as the legislative activities. The general fund also provides funding toward major capital improvement projects and capital assets. By ordinance, a percentage of income tax funds is allocated to the capital improvement fund.

For the general fund, final budgeted revenues increased over original budgeted revenues. Actual revenues were higher than final budgeted revenues due to increased income tax revenue. In the prior year, the City realized reduced income tax collections due to tax extension deadlines, and loss of revenues due to State mandated business restrictions and closures. The City continued to maintain balances in the general fund by carefully monitoring expenditures and thus maintaining unrestricted cash at year end. The variance from final budget to actual expenditures in general government was due to a concerted effort by the City to reduce expenditures due to the uncertainty of anticipated revenues due to the COVID-19 pandemic.

**Capital Assets and Debt Administration**

***Capital Assets***

Governmental activities saw a decrease due to depreciation and deletions outpacing additions to capital assets, which included new windows for the council chambers and the police department, a service truck, fire and EMS equipment, and various road improvements. The decrease of business-type activity was due to depreciation and deletions outpacing additions. For additional information see Note 10 to the basic financial statements.

***Debt Administration***

During 2021 total debt obligations decreased due to paying down debt while having no new issuances.

The SIB loan was for the Munroe Falls Paving Program, which includes paving and concrete replacement on several roads within the City's limits. The SIB loan is paid from the road and bridge fund.

The capital asset acquisition bond was for waterline improvements. This bond is paid from the water enterprise fund. For additional information see Note 13 to the basic financial statements.

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The capital leases were for various street and service department equipment, EMS equipment, a new meter reader system, waterline capital improvements, and a wheel loader. For additional information, see Note 11 to the basic financial statements.

**Current Financial Related Activities**

The City's administration is very committed to efficiency in operations and costs containment, while providing residents with a multitude of services. In addition, the City will continue its transparency in reporting the financial position of the City.

The City continues the process of identifying the long-term maintenance and replacement needs of its infrastructure and aging capital assets. During 2021, the City applied for OWDA funding in order to upgrade the City's booster station and hired engineering services to plan for the refurbishment of the City's booster station. The City has also committed to purchasing needed service vehicles and equipment out of current funding rather than financing over future years.

**Contacting the City's Finance Department**

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and shows a concerted effort to maintain transparency and accountability for all money received, spent or invested. If you have any questions regarding this report or financial information, please contact: Karen Reynolds, Director of Finance, 43 Munroe Falls Ave., Munroe Falls, OH 44262, or send an email to [Kreynolds@munroefalls.com](mailto:Kreynolds@munroefalls.com).

**City of Munroe Falls, Ohio**  
*Statement of Net Position*  
December 31, 2021

	Governmental Activities	Business-Type Activity	Total*
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,556,709	\$1,425,377	\$5,982,086
Cash and Cash Equivalents With Fiscal Agents	57,668	0	57,668
Materials and Supplies Inventory	53,253	0	53,253
Accrued Interest Receivable	10,444	0	10,444
Accounts Receivable	185,005	128,881	313,886
Special Assessments Receivable	19,756	0	19,756
Intergovernmental Receivable	447,467	0	447,467
Prepaid Items	7,629	20,564	28,193
Income Taxes Receivable	672,256	0	672,256
Property Taxes Receivable	923,547	0	923,547
Net OPEB Asset	89,033	18,236	107,269
Nondepreciable Capital Assets	1,899,864	113,664	2,013,528
Depreciable Capital Assets, Net	5,074,628	3,239,254	8,313,882
<i>Total Assets</i>	<u>13,997,259</u>	<u>4,945,976</u>	<u>18,943,235</u>
<b>Deferred Outflows of Resources</b>			
Pension	510,487	31,507	443,677
OPEB	293,110	14,773	251,686
<i>Total Deferred Outflows of Resources</i>	<u>803,597</u>	<u>46,280</u>	<u>695,363</u>
<b>Liabilities</b>			
Accounts Payable	25,124	4,577	29,701
Deposits Held Payable	63,167	0	63,167
Contracts Payable	0	308,189	308,189
Accrued Wages	65,987	6,055	72,042
Intergovernmental Payable	48,440	27,723	76,163
Accrued Interest Payable	12,721	3,274	15,995
Unearned Revenue	265,177	0	265,177
Long-Term Liabilities:			
Due Within One Year	260,853	112,677	373,530
Due in More Than One Year:			
Net Pension Liability (See Note 14)	2,410,857	162,746	2,573,603
Net OPEB Liability (See Note 15)	251,204	0	251,204
Other Amounts Due in More Than One Year	927,917	376,575	1,304,492
<i>Total Liabilities</i>	<u>4,331,447</u>	<u>1,001,816</u>	<u>5,333,263</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	910,260	0	910,260
Pension	513,145	180,538	595,366
OPEB	366,366	118,627	428,796
<i>Total Deferred Inflows of Resources</i>	<u>1,789,771</u>	<u>299,165</u>	<u>1,934,422</u>
<b>Net Position</b>			
Net Investment in Capital Assets	5,972,533	2,596,402	8,568,935
Restricted for:			
Capital Projects	25,071	0	25,071
Street Maintenance and Repair	1,164,348	0	1,164,348
Fire Department	247,351	0	247,351
EMS	732,369	0	732,369
Other Purposes	80,075	0	80,075
Unrestricted (Deficit)	457,891	1,094,873	1,552,764
<i>Total Net Position</i>	<u>\$8,679,638</u>	<u>\$3,691,275</u>	<u>\$12,370,913</u>

\*After Deferred Outflows and Deferred Inflows related to the change in internal proportionate share of pension and OPEB-related items have been eliminated.

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$671,220	\$166,679	\$5,335	\$0
Security of Persons and Property	2,278,943	227,167	114,219	0
Transportation	144,010	51,114	503,345	0
Public Health and Welfare	19,263	4,006	0	0
Leisure Time Activities	66,165	16,376	12,350	0
Interest and Fiscal Charges	32,591	0	0	0
<i>Total Governmental Activities</i>	3,212,192	465,342	635,249	0
<b>Business-Type Activity:</b>				
Water	1,092,662	1,451,126	0	4,163
<i>Total</i>	<u>\$4,304,854</u>	<u>\$1,916,468</u>	<u>\$635,249</u>	<u>\$4,163</u>

**General Revenues**

Property Taxes Levied for:

Street Maintenance and Repair

Police Department

Fire Department

EMS

Income Tax Levied for:

General Purposes

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Gain on Sale of Capital Asset

Interest

Other

*Total General Revenues*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

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Net (Expense) Revenue and Changes in Net Position

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Governmental Activities	Business-Type Activity	Total
(\$499,206)	\$0	(\$499,206)
(1,937,557)	0	(1,937,557)
410,449	0	410,449
(15,257)	0	(15,257)
(37,439)	0	(37,439)
(32,591)	0	(32,591)
(2,111,601)	0	(2,111,601)
0	362,627	362,627
(2,111,601)	362,627	(1,748,974)
217,641	0	217,641
304,697	0	304,697
178,936	0	178,936
202,795	0	202,795
1,649,724	0	1,649,724
145,384	0	145,384
259,305	0	259,305
248,942	0	248,942
(14,509)	0	(14,509)
252,385	0	252,385
3,445,300	0	3,445,300
1,333,699	362,627	1,696,326
7,345,939	3,328,648	10,674,587
\$8,679,638	\$3,691,275	\$12,370,913

**City of Munroe Falls, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*December 31, 2021*

	General	Road and Bridge	Coronavirus Local Fiscal Recovery	Police Levy	Fire Department Special Levy	EMS Special Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Equity in Pooled Cash and Cash Equivalents	\$1,661,549	\$355,285	\$265,177	\$78,881	\$262,979	\$642,721	\$1,222,854	\$4,489,446
Cash and Cash Equivalents With Fiscal Agents	0	47,569	0	0	0	0	10,099	57,668
Restricted Assets:								
Equity in Pooled Cash and Cash Equivalents	67,263	0	0	0	0	0	0	67,263
Materials and Supplies Inventory	25,768	0	0	0	0	0	27,485	53,253
Accrued Interest Receivable	10,444	0	0	0	0	0	0	10,444
Accounts Receivable	56,055	0	0	0	0	128,950	0	185,005
Special Assessments Receivable	0	0	0	0	0	0	19,756	19,756
Intergovernmental Receivable	123,267	112,419	0	3,797	13,631	15,448	178,905	447,467
Prepaid Items	2,351	0	0	3,481	201	373	1,223	7,629
Income Taxes Receivable	628,637	0	0	0	0	0	43,619	672,256
Property Taxes Receivable	0	222,701	0	311,780	182,374	206,692	0	923,547
<i>Total Assets</i>	<u>\$2,575,334</u>	<u>\$737,974</u>	<u>\$265,177</u>	<u>\$397,939</u>	<u>\$459,185</u>	<u>\$994,184</u>	<u>\$1,503,941</u>	<u>\$6,933,734</u>
<b>Liabilities</b>								
Accounts Payable	\$17,084	\$0	\$0	\$1,837	\$145	\$2,542	\$3,516	\$25,124
Deposits Held Payable from Restricted Assets	63,167	0	0	0	0	0	0	63,167
Accrued Wages	14,822	0	0	27,767	9,090	7,470	6,838	65,987
Intergovernmental Payable	22,262	0	0	17,583	2,761	3,029	2,805	48,440
Unearned Revenue	0	0	265,177	0	0	0	0	265,177
<i>Total Liabilities</i>	<u>117,335</u>	<u>0</u>	<u>265,177</u>	<u>47,187</u>	<u>11,996</u>	<u>13,041</u>	<u>13,159</u>	<u>467,895</u>
<b>Deferred Inflows of Resources</b>								
Property Taxes	0	219,650	0	307,509	179,578	203,523	0	910,260
Unavailable Revenue	463,610	115,470	0	8,068	16,427	131,367	136,152	871,094
<i>Total Deferred Inflows of Resources</i>	<u>463,610</u>	<u>335,120</u>	<u>0</u>	<u>315,577</u>	<u>196,005</u>	<u>334,890</u>	<u>136,152</u>	<u>1,781,354</u>
<b>Fund Balances</b>								
Nonspendable	32,215	0	0	3,481	201	373	28,708	64,978
Restricted	0	402,854	0	31,694	250,983	645,880	611,348	1,942,759
Committed	93,058	0	0	0	0	0	714,574	807,632
Assigned	314,755	0	0	0	0	0	0	314,755
Unassigned	1,554,361	0	0	0	0	0	0	1,554,361
<i>Total Fund Balances</i>	<u>1,994,389</u>	<u>402,854</u>	<u>0</u>	<u>35,175</u>	<u>251,184</u>	<u>646,253</u>	<u>1,354,630</u>	<u>4,684,485</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,575,334</u>	<u>\$737,974</u>	<u>\$265,177</u>	<u>\$397,939</u>	<u>\$459,185</u>	<u>\$994,184</u>	<u>\$1,503,941</u>	<u>\$6,933,734</u>

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2021*

<b>Total Governmental Fund Balances</b>	<b>\$4,684,485</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,974,492
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	13,287
Income Taxes	395,757
Intergovernmental	349,300
Charges for Services	112,750
Total	871,094
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(12,721)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
State Infrastructure Bank Loan	(908,317)
Capital Leases	(88,786)
Compensated Absences	(191,667)
Total	(1,188,770)
The net pension/OPEB liabilities/assets are not due and payable in the current period; therefore, the asset, liabilities and related deferred outflows/inflows are not reported in governmental funds:	
Net OPEB Asset	89,033
Deferred Outflows - Pension	510,487
Deferred Outflows - OPEB	293,110
Net Pension Liability	(2,410,857)
Net OPEB Liability	(251,204)
Deferred Inflows - Pension	(513,145)
Deferred Inflows - OPEB	(366,366)
Total	(2,648,942)
 <i>Net Position of Governmental Activities</i>	 <b>\$8,679,638</b>

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2021*

	General	Road and Bridge	Police Levy	Fire Department Special Levy	EMS Special Levy	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Property Taxes	\$0	\$218,537	\$305,952	\$179,322	\$203,232	\$0	\$907,043
Income Taxes	1,602,908	0	0	0	0	144,179	1,747,087
Special Assessments	0	0	0	0	0	21,275	21,275
Intergovernmental	333,132	5,387	7,542	27,216	30,844	388,911	793,032
Interest	(16,747)	0	0	0	0	2,238	(14,509)
Fines, Licenses and Permits	230,279	0	0	0	0	8,948	239,227
Charges for Services	1,509	0	0	0	154,347	0	155,856
Rentals	3,363	0	0	0	0	0	3,363
Contributions and Donations	12,405	0	2,200	0	0	2,890	17,495
Other	75,435	0	176,950	0	0	0	252,385
<i>Total Revenues</i>	<u>2,242,284</u>	<u>223,924</u>	<u>492,644</u>	<u>206,538</u>	<u>388,423</u>	<u>568,441</u>	<u>4,122,254</u>
<b>Expenditures</b>							
Current:							
General Government	796,222	2,922	0	2,411	2,733	5,594	809,882
Security of Persons and Property	86,970	0	1,525,828	245,310	350,389	4,216	2,212,713
Transportation	119,691	119,552	0	0	0	297,092	536,335
Public Health and Welfare	19,263	0	0	0	0	0	19,263
Leisure Time Activities	62,575	0	0	0	0	0	62,575
Capital Outlay	0	0	0	0	0	120,589	120,589
Debt Service:							
Principal Retirement	0	136,227	0	0	4,489	57,891	198,607
Interest and Fiscal Charges	0	30,322	0	0	135	4,153	34,610
<i>Total Expenditures</i>	<u>1,084,721</u>	<u>289,023</u>	<u>1,525,828</u>	<u>247,721</u>	<u>357,746</u>	<u>489,535</u>	<u>3,994,574</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,157,563</u>	<u>(65,099)</u>	<u>(1,033,184)</u>	<u>(41,183)</u>	<u>30,677</u>	<u>78,906</u>	<u>127,680</u>
<b>Other Financing Sources (Uses)</b>							
Sale of Capital Assets	17,691	0	0	0	0	427,991	445,682
Transfers In	0	0	1,011,000	0	0	27,000	1,038,000
Transfers Out	(1,038,000)	0	0	0	0	0	(1,038,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,020,309)</u>	<u>0</u>	<u>1,011,000</u>	<u>0</u>	<u>0</u>	<u>454,991</u>	<u>445,682</u>
<i>Net Change in Fund Balances</i>	<u>137,254</u>	<u>(65,099)</u>	<u>(22,184)</u>	<u>(41,183)</u>	<u>30,677</u>	<u>533,897</u>	<u>573,362</u>
<i>Fund Balances Beginning of Year</i>	<u>1,857,135</u>	<u>467,953</u>	<u>57,359</u>	<u>292,367</u>	<u>615,576</u>	<u>820,733</u>	<u>4,111,123</u>
<i>Fund Balances End of Year</i>	<u>\$1,994,389</u>	<u>\$402,854</u>	<u>\$35,175</u>	<u>\$251,184</u>	<u>\$646,253</u>	<u>\$1,354,630</u>	<u>\$4,684,485</u>

See accompanying notes to the basic financial statements

**City of Munroe Falls, 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, 2021*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$573,362</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
Capital Asset Additions	595,184	
Current Year Depreciation	(453,870)	
Total		141,314
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(196,740)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(2,974)	
Income Taxes	48,021	
Intergovernmental	84,027	
Charges for Services	45,621	
Total		174,695
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		198,607
Some expenses reported in the statement of activities, such as accrued interest, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		2,019
Some expenses, such as compensated absences, 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.		
		(10,259)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	244,317	
OPEB	3,322	
Total		247,639
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities/assets are reported as pension/OPEB expense in the statement of activities:		
Pension	(263,407)	
OPEB	466,469	
Total		203,062
<i>Change in Net Position of Governmental Activities</i>		<b>\$1,333,699</b>

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Income Taxes	\$1,500,000	\$1,500,000	\$1,573,514	\$73,514
Intergovernmental	165,469	279,888	329,756	49,868
Interest	61,000	61,000	23,385	(37,615)
Fines, Licenses and Permits	208,000	253,700	221,087	(32,613)
Charges for Services	2,500	2,500	1,509	(991)
Rentals	17,000	1,300	3,363	2,063
Contributions and Donations	5,000	5,000	12,405	7,405
Other	105,000	107,350	75,435	(31,915)
<i>Total Revenues</i>	<u>2,063,969</u>	<u>2,210,738</u>	<u>2,240,454</u>	<u>29,716</u>
<b>Expenditures</b>				
Current:				
General Government	805,528	914,295	809,589	104,706
Security of Persons and Property	92,188	98,188	82,372	15,816
Transportation	159,440	159,440	149,000	10,440
Public Health and Welfare	40,000	40,000	19,263	20,737
Leisure Time Activities	77,346	80,346	63,213	17,133
<i>Total Expenditures</i>	<u>1,174,502</u>	<u>1,292,269</u>	<u>1,123,437</u>	<u>168,832</u>
<i>Excess of Revenues Over Expenditures</i>	<u>889,467</u>	<u>918,469</u>	<u>1,117,017</u>	<u>198,548</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	3,500	3,500	17,691	14,191
Transfers Out	(913,000)	(1,048,000)	(1,048,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(909,500)</u>	<u>(1,044,500)</u>	<u>(1,030,309)</u>	<u>14,191</u>
<i>Net Change in Fund Balance</i>	<u>(20,033)</u>	<u>(126,031)</u>	<u>86,708</u>	<u>212,739</u>
<i>Fund Balance Beginning of Year</i>	1,422,933	1,422,933	1,422,933	0
Prior Year Encumbrances Appropriated	44,502	44,502	44,502	0
<i>Fund Balance End of Year</i>	<u>\$1,447,402</u>	<u>\$1,341,404</u>	<u>\$1,554,143</u>	<u>\$212,739</u>

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$217,527	\$218,537	\$218,537	\$0
Intergovernmental	7,000	5,387	358,565	353,178
<i>Total Revenues</i>	<u>224,527</u>	<u>223,924</u>	<u>577,102</u>	<u>353,178</u>
<b>Expenditures</b>				
Current:				
General Government	3,600	3,600	2,922	678
Transportation	89,950	239,950	536,957	(297,007)
Debt Service:				
Principal Retirement	136,227	136,227	136,227	0
Interest and Fiscal Charges	30,322	30,322	30,322	0
<i>Total Expenditures</i>	<u>260,099</u>	<u>410,099</u>	<u>706,428</u>	<u>(296,329)</u>
<i>Net Change in Fund Balance</i>	(35,572)	(186,175)	(129,326)	56,849
<i>Fund Balance Beginning of Year</i>	443,204	443,204	443,204	0
Prior Year Encumbrances Appropriated	24,999	24,999	24,999	0
<i>Fund Balance End of Year</i>	<u>\$432,631</u>	<u>\$282,028</u>	<u>\$338,877</u>	<u>\$56,849</u>

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Coronavirus Local Fiscal Recovery Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$265,177	\$265,177	\$265,177	\$0
<b>Expenditures</b>				
	0	0	0	0
<i>Net Change in Fund Balance</i>	265,177	265,177	265,177	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$265,177	\$265,177	\$265,177	\$0

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Levy Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$305,039	\$306,039	\$305,952	(\$87)
Intergovernmental	10,800	8,955	7,542	(1,413)
Contributions and Donations	1,000	1,000	2,200	1,200
Other	0	177,000	176,950	(50)
<i>Total Revenues</i>	316,839	492,994	492,644	(350)
<b>Expenditures</b>				
Current:				
Security of Persons and Property	1,208,009	1,575,109	1,528,914	46,195
<i>Excess of Revenues Under Expenditures</i>	(891,170)	(1,082,115)	(1,036,270)	45,845
<b>Other Financing Sources</b>				
Transfers In	882,000	1,017,000	1,011,000	(6,000)
<i>Net Change in Fund Balance</i>	(9,170)	(65,115)	(25,270)	39,845
<i>Fund Balance Beginning of Year</i>	88,725	88,725	88,725	0
Prior Year Encumbrances Appropriated	7,409	7,409	7,409	0
<i>Fund Balance End of Year</i>	<u>\$86,964</u>	<u>\$31,019</u>	<u>\$70,864</u>	<u>\$39,845</u>

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Department Special Levy Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$182,152	\$179,322	\$179,322	\$0
Intergovernmental	24,500	27,216	27,216	0
<i>Total Revenues</i>	206,652	206,538	206,538	0
<b>Expenditures</b>				
Current:				
General Government	2,500	2,500	2,411	89
Security of Persons and Property	249,742	251,942	242,883	9,059
<i>Total Expenditures</i>	252,242	254,442	245,294	9,148
<i>Net Change in Fund Balance</i>	(45,590)	(47,904)	(38,756)	9,148
<i>Fund Balance Beginning of Year</i>	300,409	300,409	300,409	0
Prior Year Encumbrances Appropriated	1,142	1,142	1,142	0
<i>Fund Balance End of Year</i>	\$255,961	\$253,647	\$262,795	\$9,148

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*EMS Special Levy Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$206,206	\$206,076	\$203,232	(\$2,844)
Intergovernmental	33,000	33,000	35,567	2,567
Charges for Services	182,000	182,000	156,780	(25,220)
<i>Total Revenues</i>	421,206	421,076	395,579	(25,497)
<b>Expenditures</b>				
Current:				
General Government	2,900	2,900	2,733	167
Security of Persons and Property	423,609	425,609	353,128	72,481
Debt Service:				
Principal Retirement	4,489	4,489	4,489	0
Interest and Fiscal Charges	135	135	135	0
<i>Total Expenditures</i>	431,133	433,133	360,485	72,648
<i>Net Change in Fund Balance</i>	(9,927)	(12,057)	35,094	47,151
<i>Fund Balance Beginning of Year</i>	586,422	586,422	586,422	0
Prior Year Encumbrances Appropriated	14,933	14,933	14,933	0
<i>Fund Balance End of Year</i>	\$591,428	\$589,298	\$636,449	\$47,151

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Fund*  
*December 31, 2021*

	Water
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,425,377
Accounts Receivable	128,881
Prepaid Items	20,564
<i>Total Current Assets</i>	1,574,822
<i>Non-Current Assets:</i>	
Net OPEB Asset	18,236
Nondepreciable Capital Assets	113,664
Depreciable Capital Assets, Net	3,239,254
<i>Total Non-Current Assets</i>	3,371,154
<i>Total Assets</i>	4,945,976
<b>Deferred Outflows of Resources</b>	
Pension	31,507
OPEB	14,773
<i>Total Deferred Outflows of Resources</i>	46,280
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	4,577
Contracts Payable	308,189
Accrued Wages	6,055
Intergovernmental Payable	27,723
Accrued Interest Payable	3,274
Compensated Absences Payable	9,892
General Obligation Bonds Payable	30,000
Capital Leases Payable	72,785
<i>Total Current Liabilities</i>	462,495
<i>Long-Term Liabilities (net of current portion):</i>	
Compensated Absences Payable	23,541
General Obligation Bonds Payable	152,492
Capital Leases Payable	200,542
Net Pension Liability	162,746
<i>Total Long-Term Liabilities</i>	539,321
<i>Total Liabilities</i>	1,001,816
<b>Deferred Inflows of Resources</b>	
Pension	180,538
OPEB	118,627
<i>Total Deferred Inflows of Resources</i>	299,165
<b>Net Position</b>	
Net Investment in Capital Assets	2,596,402
Unrestricted	1,094,873
<i>Total Net Position</i>	\$3,691,275

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Enterprise Fund  
For the Year Ended December 31, 2021*

	Water
<b>Operating Revenues</b>	
Charges for Services	\$1,451,126
<b>Operating Expenses</b>	
Personal Services	111,826
Contractual Services	732,999
Materials and Supplies	40,517
Depreciation	173,257
<i>Total Operating Expenses</i>	1,058,599
<i>Operating Income</i>	392,527
<b>Non-Operating Expenses</b>	
Interest and Fiscal Charges	(19,631)
Loss on Disposal of Capital Assets	(14,432)
<i>Total Non-Operating Expenses</i>	(34,063)
<i>Income Before Capital Contributions</i>	358,464
Capital Contributions	4,163
<i>Change in Net Position</i>	362,627
<i>Net Position Beginning of Year</i>	3,328,648
<i>Net Position End of Year</i>	\$3,691,275

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund*  
For the Year Ended December 31, 2021

	Water
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$1,412,386
Cash Payments to Employees for Services	(284,528)
Cash Payments for Goods and Services	(754,701)
<i>Net Cash Provided by Operating Activities</i>	373,157
<b>Cash Flows from Capital and Related Financing Activities</b>	
Cash Received from Capital Grants	9,175
Payments for Capital Acquisitions	(144,955)
Principal Paid on General Obligation Bonds	(30,000)
Principal Paid on Capital Leases	(177,382)
Interest Paid on General Obligation Bonds	(8,750)
Interest Paid on Capital Leases	(13,823)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(365,735)
<i>Net Increase in Cash and Cash Equivalents</i>	7,422
<i>Cash and Cash Equivalents Beginning of Year</i>	1,417,955
<i>Cash and Cash Equivalents End of Year</i>	\$1,425,377

(continued)

**City of Munroe Falls, Ohio**  
*Statement of Cash Flows*  
*Enterprise Fund (continued)*  
*For the Year Ended December 31, 2021*

	Water
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$392,527
Adjustments:	
Depreciation	173,257
Decrease in Assets:	
Accounts Receivable	(38,740)
Prepaid Items	(3,580)
Decrease in Deferred Outflows:	
Pension	86,235
OPEB	39,154
Increase (Decrease) in Liabilities:	
Accounts Payable	(963)
Accrued Wages	(2,659)
Intergovernmental Payable	22,534
Compensated Absences Payable	(6,519)
Net Pension Liability	(872)
Net OPEB Liability	(88,129)
Decrease in Deferred Inflows:	
Pension	(121,618)
OPEB	(77,470)
<i>Net Cash Provided by Operating Activities</i>	<i>\$373,157</i>

**Noncash Capital Financing Activities**

At December 31, 2020, the City had intergovernmental receivables related to capital contributions of \$5,012.

See accompanying notes to the basic financial statements

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Description of the City and Reporting Entity**

The City of Munroe Falls, Ohio, (the City) is incorporated as a municipal corporation under the laws of the State of Ohio. The City operates under a Council-Mayor form of government and provides the following services: security of persons and property (police, fire, and EMS), public health and welfare, leisure time activities, transportation (highways and streets), water utility system and general government services.

The Mayor and City Council members are elected officials serving four-year terms. The department heads for police, fire, service, law and finance are appointed by the Mayor with approval from Council.

***Reporting Entity***

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Munroe Falls this includes police, fire, emergency medical services, street construction, parks, water utility, general administrative services and a City Council.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The City has no component units.

The City participates in one insurance purchasing pool, the County of Summit, Ohio Regionalization Program. This organization is discussed in Note 18.

**Note 2 – Summary of Significant Accounting Policies**

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

***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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The statement of net position presents the financial condition of the governmental and business-type activity of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the single business-type activity 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 program is self-financing or draws from the general revenues of the City.

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

***Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City's funds are classified as either governmental or proprietary.

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

***General Fund*** The general fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Road and Bridge Fund*** The road and bridge special revenue fund accounts for and reports property tax collections restricted for general construction, reconstruction, resurfacing, and repair of streets, roads and bridges.

***Coronavirus Local Fiscal Recovery Fund*** The Coronavirus Local Fiscal Recovery special revenue fund accounts for and reports the Local Fiscal Recovery funds received through the American Rescue Plan Act of 2021 and expenses restricted to respond to the impact on the Coronavirus disease in accordance with said act.

***Police Levy Fund*** The police levy fund accounts for and reports property tax collections restricted for police operations.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Fire Department Special Levy Fund*** The fire department special levy special revenue fund accounts for and reports property tax collections restricted for fire department personnel salaries and fringe benefits.

***EMS Special Levy Fund*** The EMS special levy special revenue fund accounts for and reports property tax collections restricted to support EMS personnel salaries and fringe benefits and to support EMS services in the City.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

***Proprietary Funds*** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The City's only proprietary fund is an enterprise fund:

***Enterprise Fund*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has one major enterprise fund.

***Water Fund*** This fund accounts for the treatment and provision of water to the residents and commercial users of the City.

### ***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

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

### ***Basis of Accounting***

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

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 9). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, grants and rentals.

**Deferred Outflows/Inflows of Resources** In addition to assets, the statements of financial position will sometimes 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. For the City, deferred outflows of resources include pension and OPEB reported in the government-wide statement of net position. The deferred outflows related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position 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 until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 14 and 15).

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

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

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Unearned Revenue***

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The City recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

***Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

The City has partially funded a project with the Ohio Department of Transportation (ODOT), where ODOT receives local funding upfront from the City. Also, the City has paid a deposit for the replacement of City building windows, which was not yet started as of the end of the year. The balances in these accounts are presented on the statement of fund net position as "Cash and Cash Equivalents with Fiscal Agents."

During 2021, investments were limited to federal home loan bank bonds, federal national mortgage association bonds, federal farm credit bank bonds, private export funding corporation bonds, treasury securities, negotiable certificates of deposit, and STAR Ohio.

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

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. 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.

All other investments are reported at fair value, which is based on quoted market prices. Gains (or losses) to fair value are booked annually as "interest."

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2021 amounted to (\$16,747), of which (\$11,311) was assigned from other City funds. The fair value of investments declined during 2021, resulting in negative investment earnings.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies and amounts held for contractors.

***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 enterprise fund are reported both in the business-type activity column of the government-wide statement of net position and in the fund.

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. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the position or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated. 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 as follows:

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	25-35 years	N/A
Buildings and Improvements	25-60 years	25-60 years
Equipment	4-25 years	4-25 years
Infrastructure	50-70 years	50-70 years

The City's infrastructure consists of streets, sidewalks, curbs and culverts. The City reported infrastructure used in governmental activities for the first time in 2003, and the City only reported the amounts acquired after 2002.

***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for employees after one year of service with the City.

***Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB liabilities/assets, deferred outflows of resources and deferred inflows of resources related to 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 plans. 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.

***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 funds 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, 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, capital leases, and loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position are not sufficient for payment of those benefits.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** 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.

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.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (ordinance or resolution, as both are equally legally binding) 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 or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the 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 City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is 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 City Council or a City official delegated that authority by City Charter or ordinance or by State statute. State statute authorizes the Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in the 2022 appropriated budget.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

***Net Position***

Net position represents the difference between all other elements in the statement of net position. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes included resources which will be used for security of persons and property, transportation, public health and welfare, and leisure time activities.

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for water services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Premiums***

On the government-wide financial statements, premiums are deferred and amortized for the term of the debt issuance using the straight-line method. Premiums are presented as an increase of the face amount of the debt issuance payable. On governmental fund statements, premiums are received in the year the debt issuances are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund.

***Internal Activity***

Transfers between governmental activities and business-type activity on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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 Balances***

Deferred inflows of resources and deferred outflows of resources from the change in internal proportionate share related to pension and OPEB items are eliminated in the governmental activities and business-type activity columns of the statement of net position, except for any net residual amounts between governmental activities and business-type activity. These residual amounts are eliminated in the total column of the entity wide statement of net position.

***Estimates***

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

***Minimum Fund Balance Policy***

Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned and unassigned components of fund balance) in the general fund. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below the minimum target level because it has been used, essentially as a “revenue” source, as dictated by current circumstances, the policy provides for actions to replenish the amount to the minimum target level. Generally, replenishment is to occur within a three-year period.

**City of Munroe Falls, Ohio**  
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For the Year Ended December 31, 2021

***Budgetary Process***

All funds are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The alternative 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 legal level of budgetary control has been established by Council at the personal services and other object level within each fund and department. For the other object level the Finance Director has been authorized to allocate appropriations within each department and any object level which the department head maintains on their books, other than personal services.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the first appropriation resolution 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.

**Note 3 – Change in Accounting Principle and Restatement of Net Position**

***Change in Accounting Principle***

For 2021, the City implemented the *Implementation Guide No. 2019-1*. These changes were incorporated in the City's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

***Restatement of Net Position***

It was determined that \$308,189 in depreciable capital assets was underreported for enhancements to the City's water tower, as well as a related payable, in the prior year in the City's water enterprise fund. These changes had the following effect on beginning net position:

	Governmental Activities	Business-Type Activity	Total
Net Position at December 31, 2020	\$7,345,939	\$3,328,648	\$10,674,587
Depreciable Capital Assets	0	308,189	308,189
Contracts Payable	0	(308,189)	(308,189)
Restated Net Position at December 31, 2020	<u>\$7,345,939</u>	<u>\$3,328,648</u>	<u>\$10,674,587</u>

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2021

**Note 4 – Fund Balances**

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 the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Road and Bridge	Police Levy	Fire Department Special Levy	EMS Special Levy	Other Governmental Funds	Total
<b><i>Nonspendable:</i></b>							
Materials and Supplies Inventory	\$25,768	\$0	\$0	\$0	\$0	\$27,485	\$53,253
Prepaid Items	2,351	0	3,481	201	373	1,223	7,629
Unclaimed Monies	4,096	0	0	0	0	0	4,096
<b>Total Nonspendable</b>	<b>32,215</b>	<b>0</b>	<b>3,481</b>	<b>201</b>	<b>373</b>	<b>28,708</b>	<b>64,978</b>
<b><i>Restricted to:</i></b>							
Capital Projects	0	0	0	0	0	25,071	25,071
Debt Service	0	0	0	0	0	4,133	4,133
Street Maintenance and Repair	0	402,854	0	0	0	557,162	960,016
Police Department	0	0	31,694	0	0	0	31,694
Fire Department	0	0	0	250,983	0	0	250,983
EMS	0	0	0	0	645,880	0	645,880
Other Purposes	0	0	0	0	0	24,982	24,982
<b>Total Restricted</b>	<b>0</b>	<b>402,854</b>	<b>31,694</b>	<b>250,983</b>	<b>645,880</b>	<b>611,348</b>	<b>1,942,759</b>
<b><i>Committed to:</i></b>							
Capital Projects	0	0	0	0	0	656,202	656,202
Other Purposes	0	0	0	0	0	58,372	58,372
Compensated Absences	93,058	0	0	0	0	0	93,058
<b>Total Committed</b>	<b>93,058</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>714,574</b>	<b>807,632</b>
<b><i>Assigned to:</i></b>							
2022 Appropriations	223,840	0	0	0	0	0	223,840
Purchases on Order	90,915	0	0	0	0	0	90,915
<b>Total Assigned</b>	<b>314,755</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>314,755</b>
<b><i>Unassigned</i></b>	<b>1,554,361</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,554,361</b>
<b>Total Fund Balances</b>	<b>\$1,994,389</b>	<b>\$402,854</b>	<b>\$35,175</b>	<b>\$251,184</b>	<b>\$646,253</b>	<b>\$1,354,630</b>	<b>\$4,684,485</b>

**Note 5 – Internal Activity**

***Internal Balances – Change in Proportionate Share***

The City uses an internal proportionate share to allocate its net pension/OPEB liability and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole.

**City of Munroe Falls, Ohio**  
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Balances related to the internal proportionate share for pension at December 31, 2021, were as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Governmental Activities	\$98,317	\$0
Business-Type Activity	0	98,317
Total	\$98,317	\$98,317

Balances related to the internal proportionate share for OPEB at December 31, 2021, were as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Governmental Activities	\$56,079	\$118
Business-Type Activity	118	56,079
Total	\$56,197	\$56,197

***Interfund Transfers***

Transfers from the general fund of \$1,038,000 were used to move unrestricted revenues collected in the general fund to finance the police program accounted for in police levy fund in the amount of \$1,011,000 and to finance capital improvements accounted for in the capital improvement fund in the amount of \$27,000, in accordance with budgetary authorizations, to provide additional resources for current operations.

**Note 6 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<b>Governmental Activities:</b>	
General	\$106,261
Road and Bridge	16,408
Police Levy	8,017
Fire Department Special Levy	184
EMS Special Levy	6,272
Other Governmental Funds	36,243
	173,385
<b>Business-Type Activity:</b>	
Water	45,030
Total	\$218,415

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 7 – Budgetary Basis of Accounting**

While the City is 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 transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the GAAP basis and the budget basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Investments are reported at fair value (GAAP) rather than cost (budget).
3. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
4. Budgetary revenues and expenditures of the compensated absences fund are reclassified to the general fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general and major special revenue funds.

Net Change in Fund Balance General and Major Special Revenue Funds						
	General	Road and Bridge	Coronavirus Local Fiscal Recovery	Police Levy	Fire Special Levy	EMS Special Levy
GAAP Basis	\$137,254	(\$65,099)	\$0	(\$22,184)	(\$41,183)	\$30,677
Adjustment for Revenue Accruals	(38,391)	0	265,177	0	0	7,156
Beginning Fair Value Adjustment for Investment	11,911	0	0	0	0	0
Ending Fair Value Adjustment for Investments	24,650	0	0	0	0	0
Adjustment for Expenditure Accruals	56,744	(47,819)	0	4,931	2,611	3,533
Perspective Difference:						
Compensated Absences	801	0	0	0	0	0
Adjustment for Encumbrances	(106,261)	(16,408)	0	(8,017)	(184)	(6,272)
Budget Basis	<u>\$86,708</u>	<u>(\$129,326)</u>	<u>\$265,177</u>	<u>(\$25,270)</u>	<u>(\$38,756)</u>	<u>\$35,094</u>

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Deposits and Investments**

The City has chosen to follow State statutes and classify monies held by the City into three categories.

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

Interim deposits are deposits of 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.

Protection of the City's 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 institution's 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.

Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. 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 subdivision of the State of Ohio, if training requirements have been met;

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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6. The State Treasurer's investment pool (STAR Ohio);
7. 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; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

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.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The City has passed an ordinance allowing the City to invest monies not required to be used for a specific period of six months or more in the following:

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

At year end, the City had \$400 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**Investments**

As of December 31, 2021, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
<b>Fair Value - Level Two Inputs:</b>				
Federal Home Loan Bank Bonds	\$892,377	Less than five years	AA+	24.02%
Federal National Mortgage Association Bonds	220,807	Less than four years	AA+	5.94
Federal Farm Credit Bank Bonds	287,545	Less than five years	AA+	7.74
Private Export Funding Corporation Bonds	290,854	Less than three years	N/A	7.83
Treasury Securities	293,353	Less than five years	N/A	7.90
Negotiable Certificates of Deposit	742,019	Less than four years	N/A	19.97
<b>Net Asset Value (NAV) Per Share:</b>				
STAR Ohio	988,195	51.3 Days	AAAm	26.60
Total Investments	<u>\$3,715,150</u>			<u>100.00%</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The preceding chart identifies the City's recurring fair value measurements as of December 31, 2021. All of the City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

**Interest Rate Risk** The City has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk** The Standard & Poor's ratings of the City's investments are listed in the preceding table. STAR Ohio has a rating of AAAm. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

**Concentration of Credit Risk** With the exception of U.S. Treasury securities, federal government agency securities, and authorized pools, no more than 50 percent of the City's total investment portfolio will be invested in a single security type or with a single financial institution per the Council approved credit risk policy.

**Note 9 – Receivables**

Receivables at December 31, 2021, consisted primarily of municipal income taxes, property taxes, accounts, special assessments for street lighting, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full and are expected to be received within one year; however, property taxes and income taxes, although ultimately collectible, include some portions of delinquencies that will not be collected within one year.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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Special assessments expected to be collected in one year amounts to \$19,756 in the special assessment improvement fund, of which none was delinquent as of December 31, 2021.

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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 tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes, which became a lien December 31, 2020, are levied after October 1, 2021, and collected in 2022 with real property taxes.

The tax rate for all City operations for the year ended December 31, 2021, was \$8.00 per \$1,000 of assessed value, which is lower than the prior year due to the nonrenewal of a levy. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$118,360,550
Public Utility	1,722,640
Total Valuation	<u>\$120,083,190</u>

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Munroe Falls. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2021, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2022 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

***Municipal Income Taxes***

The City levies a municipal income tax of 2.25 percent on all income earned within the City as well as on income of residents earned outside of the City. In the latter case, the City allows a credit of up to 100 percent on the income earned outside of the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

**City of Munroe Falls, Ohio**  
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Additional increases in the City's income tax rate would require voter approval. The income tax, by ordinance, allocates 10 percent of net collections to the capital improvement fund and the remainder to the general fund. However, additional allocations may be allocated depending on the necessity for capital purchases.

***Intergovernmental Receivable***

A summary of the principal items of intergovernmental receivables follows:

<b>Governmental Activities:</b>	
Gas Tax Distribution	\$142,889
Summit County	109,707
Local Government	94,102
Homestead and Rollback	35,588
Stow-Munroe Falls City School District	22,000
Permissive Tax	19,066
Motor Vehicle License Tax	16,950
City of Cuyahoga Falls	5,712
City of Stow	1,453
<b>Total</b>	<b>\$447,467</b>

**Note 10 – Capital Assets**

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

	Balance 12/31/2020	Additions	Deductions	Balance 12/31/2021
<b><i>Governmental Activities:</i></b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$1,608,396	\$0	(\$156,355)	\$1,452,041
Construction in Progress	0	447,823	0	447,823
<i>Total Capital Assets, not being depreciated</i>	1,608,396	447,823	(156,355)	1,899,864
<i>Capital Assets, being depreciated</i>				
Land Improvements	383,180	0	(38,953)	344,227
Buildings and Improvements	3,912,531	26,728	(43,928)	3,895,331
Equipment	3,330,484	120,633	(141,728)	3,309,389
Infrastructure	3,031,759	0	0	3,031,759
<i>Total Capital Assets, being depreciated</i>	10,657,954	147,361	(224,609)	10,580,706
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(279,863)	(13,536)	26,682	(266,717)
Buildings and Improvements	(1,983,696)	(88,158)	15,814	(2,056,040)
Equipment	(2,302,052)	(228,321)	141,728	(2,388,645)
Infrastructure	(670,821)	(123,855)	0	(794,676)
<i>Total Accumulated Depreciation</i>	(5,236,432)	(453,870) *	184,224	(5,506,078)
<i>Total Capital Assets being depreciated, Net</i>	5,421,522	(306,509)	(40,385)	5,074,628
<i>Governmental Activities Capital Assets, Net</i>	\$7,029,918	\$141,314	(\$196,740)	\$6,974,492

**City of Munroe Falls, Ohio**  
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\* Depreciation expense was charged to governmental activities as follows:

General Government	\$52,340
Security of Persons and Property	183,440
Transportation	203,292
Leisure Time Activities	14,798
<b>Total Depreciation Expense</b>	<u><u>\$453,870</u></u>

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

	Balance 12/31/2020	Additions	Deductions	Balance 12/31/2021
<b><i>Business-Type Activity:</i></b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$31,689	\$0	(\$9,116)	\$22,573
Construction in Progress	0	91,091	0	91,091
<b>Total Capital Assets, not being depreciated</b>	<u>31,689</u>	<u>91,091</u>	<u>(9,116)</u>	<u>113,664</u>
<i>Capital Assets, being depreciated</i>				
Buildings and Improvements	1,301,350	7,998	(138,545)	1,170,803
Equipment	1,427,879	45,866	(27,011)	1,446,734
Infrastructure	3,947,222	0	0	3,947,222
<b>Total Capital Assets, being depreciated</b>	<u>6,676,451</u>	<u>53,864</u>	<u>(165,556)</u>	<u>6,564,759</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(553,444)	(29,703)	135,567	(447,580)
Equipment	(760,392)	(64,779)	24,673	(800,498)
Infrastructure	(1,998,652)	(78,775)	0	(2,077,427)
<b>Total Accumulated Depreciation</b>	<u>(3,312,488)</u>	<u>(173,257)</u>	<u>160,240</u>	<u>(3,325,505)</u>
<b>Total Capital Assets being depreciated, Net</b>	<u>3,363,963</u>	<u>(119,393)</u>	<u>(5,316)</u>	<u>3,239,254</u>
<b>Business-Type Activity Capital Assets, Net</b>	<u><u>\$3,395,652</u></u>	<u><u>(\$28,302)</u></u>	<u><u>(\$14,432)</u></u>	<u><u>\$3,352,918</u></u>

**Note 11 – Capital Leases**

In prior years, the City entered into leases for a dump truck, excavators, a leaf vacuum, water meters and meter readers, EMS cots, snow plow trucks, a waterline replacement project, and a wheel loader. These lease obligations meet the criteria of capital leases and have been recorded on the government-wide statements. Capital assets were capitalized at the present value of the minimum lease payments at the time the leases were entered into. The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activity
Asset:		
Equipment	\$395,365	\$822,407
Infrastructure	0	639,593
Less: Accumulated depreciation	(274,799)	(345,410)
<b>Total</b>	<u><u>\$120,566</u></u>	<u><u>\$1,116,590</u></u>

**City of Munroe Falls, Ohio**  
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The leases provide for minimum, annual lease payments as follows:

	Governmental Activities	Business-Type Activity
2022	\$39,429	\$80,845
2023	26,993	70,669
2024	26,849	70,668
2025	0	70,670
Total Minimum Lease Payment	93,271	292,852
Less: Amount Representing Interest	(4,485)	(19,525)
Present Value of Minimum Lease Payments	\$88,786	\$273,327

**Note 12 – Other Employee Benefits**

***Compensated Absences***

Full-time employees earn vacation leave based on their completed years of service. Vacation leave is accrued each pay period at varying rates based on their service year. An employee may carry a maximum of 200 hours of vacation hours from the prior year at their anniversary date. Full-time patrol officers and sergeants may carry a maximum of 280 vacation hours from the prior year at their anniversary date.

In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

Full-time employees accrue sick leave at a rate of 4.62 hours per pay period, which equals 15 days in a calendar year. Unused sick leave may be accumulated up to 2,080 hours. Upon retirement, the first 960 hours accumulated is compensated at 50 percent and the remaining hours at 25 percent.

Full time patrol officers and sergeants earn sick leave at a rate of ten hours for each completed month of service. Full time patrol officers and sergeants may accumulate an unlimited amount of sick leave. Upon retirement, the first 2,000 hours are compensated at 50 percent and all hours over 2,000 are compensated at 25 percent.

***Insurance***

During 2021, the City provided employee medical benefits through the Summit County Regionalization Program, offering its employees a PPO Health Plan. The plan is a 4-tier rate structure with a choice for single, employee and spouse, employee and children, or family coverage. The PPO monthly cost ranges from \$639.51 up to \$1,918.54. Employees electing to participate in the City’s health insurance contribute 15 percent of their monthly premium.

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**Note 13 – Long-Term Obligations**

Original issue amounts and interest rates of the City’s debt issues are as follows:

Debt Issue	Interest Rate	Original Issue	Date of Maturity
<b>Governmental Activities:</b>			
2018 State Infrastructure Bank Loan from Direct Borrowing	3.00%	\$1,100,000	July 20, 2027
<b>Business-Type Activity:</b>			
2011 Capital Asset Acquisition Serial Bonds	2.00 - 4.50	440,000	December 1, 2026

The changes in long-term obligations during the year were as follows:

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due In One Year
<b>Governmental Activities:</b>					
<i>State Infrastructure Bank Loan from Direct Borrowing:</i>					
2018 Various Roads Program Loan	\$1,044,544	\$0	(\$136,227)	\$908,317	\$140,344
<i>Other Long-Term Obligations:</i>					
Capital Leases	151,166	0	(62,380)	88,786	37,056
Compensated Absences	181,408	90,674	(80,415)	191,667	83,453
Net Pension Liability:					
OPERS	919,483	0	(124,903)	794,580	0
OP&F	1,594,443	21,834	0	1,616,277	0
Total Net Pension Liability	2,513,926	21,834	(124,903)	2,410,857	0
Net OPEB Liability:					
OPERS	598,420	0	(598,420)	0	0
OP&F	233,793	17,411	0	251,204	0
Total Net OPEB Liability	832,213	17,411	(598,420)	251,204	0
Total Other Long-Term Obligations	3,678,713	129,919	(866,118)	2,942,514	120,509
Total Governmental Activities	\$4,723,257	\$129,919	(\$1,002,345)	\$3,850,831	\$260,853

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	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due In One Year
<b>Business-Type Activity:</b>					
<i>General Obligation Bonds:</i>					
2011 Capital Asset Acquisition Bonds	\$205,000	\$0	(\$30,000)	\$175,000	\$30,000
Premium on Bonds	8,990	0	(1,498)	7,492	0
Total General Obligation Bonds	<u>213,990</u>	<u>0</u>	<u>(31,498)</u>	<u>182,492</u>	<u>30,000</u>
<i>Other Long-Term Obligations:</i>					
Capital Leases	450,709	0	(177,382)	273,327	72,785
Compensated Absences	39,952	10,784	(17,303)	33,433	9,892
Net Pension Liability - OPERS	375,564	0	(212,818)	162,746	0
Net OPEB Liability - OPERS	244,425	0	(244,425)	0	0
Total Other Long-Term Obligations	<u>1,110,650</u>	<u>10,784</u>	<u>(651,928)</u>	<u>469,506</u>	<u>82,677</u>
Total Business-Type Activity	<u>\$1,324,640</u>	<u>\$10,784</u>	<u>(\$683,426)</u>	<u>\$651,998</u>	<u>\$112,677</u>

On September 1, 2011, the City issued \$610,000 of General Obligation Bonds for the purpose of acquiring capital assets. These bonds were issued at a premium of \$33,002, which will be amortized over the life of the bonds. Payments are made from the water fund. These bonds are part of a larger issuance of \$6.5 million in fractionalized interest bonds relating to the Ohio Capital Asset Financing Program with six other political subdivisions. These bonds are several and not joint obligations. None of the political subdivisions has any obligation to pay the principal of or interest on the bonds of any other political subdivision. Payment by a political subdivision of principal and interest on its portion of the bonds will fully discharge that subdivision of its obligations.

In October 2014, the City entered into a capital lease to purchase equipment through First Merit Bank, N.A. (now Huntington National Bank). The cost of the equipment and the amount of the lease was \$700,000, with an interest rate of 3.38 percent. Annual payments of principal and interest are to be made through October of 2021. Payments are to be paid out of the City's capital improvement fund and the water fund.

In April 2015, the City entered into a capital lease to purchase waterlines through First Merit Bank, N.A. (now Huntington National Bank). The amount of the lease was \$600,000, with an interest rate of 3.22 percent. Annual payments of principal and interest are to be made through October of 2025. Payments are to be paid out of the City's water fund.

In June 2015, the City entered into a capital lease to purchase two snow plow trucks and two EMS cots through Peoples Bank. The amount of the lease was \$314,250, with an interest rate of 2.95 percent. Annual payments of principal and interest are to be made through March of 2022. Payments are to be paid out of the City's EMS special levy fund, capital improvement fund and the water fund.

In February 2020, the City entered into a capital lease to purchase a wheel loader through Home Savings Bank (now Premier Bank). The amount of the lease was \$125,000, with an interest rate of 3.2 percent. Annual payments of principal and interest are to be made through October of 2024. Payments are to be paid out of the City's capital improvement fund.

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The City has entered into a contractual agreement for a construction loan from the State Infrastructure Bank (SIB). Under the terms of these agreements, the SIB will reimburse, advance or directly pay the construction costs of approved projects. A line of credit has been established with the SIB in the amount of \$1,100,000 for the maintenance and repair of several City streets. The balance of the loan at December 31, 2021, was \$908,317.

The SIB loan will be repaid from the property tax revenue generated from the road and bridge property tax levy. Any other legally available revenue source will be used in the event that the levy does not generate enough revenue to cover this loan and other expenses. The loan will be repaid over 7.5 years, at an interest rate of 3.0 percent per year. The SIB loan from direct borrowings contains provisions that in an event of default the outstanding amounts shall become immediately due and payable.

The compensated absences liability will be paid out of the City's compensated absence fund. There is no repayment schedule for the net pension/OPEB liabilities. Employer pension/OPEB contributions are made from the general fund, police levy fund, fire department special levy fund, EMS special levy fund, street construction, maintenance and repair fund, state highway fund, and water fund. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15, respectively.

As of December 31, 2021, the City's overall legal debt margin was \$12,612,868 and the unvoted legal debt margin was \$6,433,708. Principal and interest requirements to retire the outstanding debt at December 31, 2021, are as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activity</b>	
	State Infrastructure		General Obligation	
	Bank Loan		Bonds	
	Principal	Interest	Principal	Interest
2022	\$140,344	\$26,205	\$30,000	\$7,550
2023	144,586	21,963	35,000	6,350
2024	148,956	17,593	35,000	4,950
2025	153,459	13,090	35,000	3,375
2026	158,097	8,452	40,000	1,800
2027	162,875	3,674	0	0
Totals	\$908,317	\$90,977	\$175,000	\$24,025

**Note 14 – Defined Benefit Pension Plans**

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

***Net Pension Liability (Asset) /Net OPEB Liability (Asset)***

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

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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 (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions

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and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

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

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
 <b>2021 Actual Contribution Rates</b>	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
 Employee	 10.0 %

\* 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.

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

For 2021, the City’s contractually required contribution was \$133,724 for the traditional plan. Of this amount, \$15,500 is reported as an intergovernmental payable.

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

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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. 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 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

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

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

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

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

	Police	Firefighters
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 <b>2021 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
 Total Employer	19.50 %	24.00 %
 Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$133,326 for 2021. Of this amount, \$14,027 is reported as an intergovernmental payable.

***Pension Liabilities, 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, 2020, 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, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City’s proportion of the net pension liability (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 of the City’s defined benefit pension plans:

	OPERS Traditional Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.00646500%	0.02370920%	
Prior Measurement Date	0.00655200%	0.02366860%	
Change in Proportionate Share	-0.00008700%	0.00004060%	
 Proportionate Share of the Net Pension Liability	 \$957,326	 \$1,616,277	 \$2,573,603
 Pension Expense	 72,223	 177,662	 249,885

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

	OPERS		
	Traditional Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$67,566	\$67,566
Changes of assumptions	0	27,106	\$27,106
Changes in proportion and differences between City contributions and proportionate share of contributions	20,325	61,630	81,955
City contributions subsequent to the measurement date	133,724	133,326	267,050
<b>Total Deferred Outflows of Resources</b>	<u>\$154,049</u>	<u>\$289,628</u>	<u>\$443,677</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$40,046	\$62,965	\$103,011
Net difference between projected and actual earnings on pension plan investments	373,138	78,401	451,539
Changes in proportion and differences between City contributions and proportionate share of contributions	11,979	28,837	40,816
<b>Total Deferred Inflows of Resources</b>	<u>\$425,163</u>	<u>\$170,203</u>	<u>\$595,366</u>

\$267,050 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase to the net pension asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS		
	Traditional Plan	OP&F	Total
Year Ending December 31:			
2022	(\$145,137)	\$25,864	(\$119,273)
2023	(56,707)	42,879	(13,828)
2024	(152,104)	(75,432)	(227,536)
2025	(50,890)	(10,417)	(61,307)
2026	0	3,205	3,205
<b>Total</b>	<u>(\$404,838)</u>	<u>(\$13,901)</u>	<u>(\$418,739)</u>

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**Actuarial Assumptions – OPERS**

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented as follows:

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

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

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

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$1,826,104	\$957,326	\$234,938

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

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the 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.

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Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* levered 2.5x

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

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

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$2,250,065	\$1,616,277	\$1,085,861

**Note 15 – Defined Benefit OPEB Plans**

See Note 14 for a description of the net OPEB liability (asset).

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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

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

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

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

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Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

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

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

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care 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.

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$3,322 for 2021. Of this amount, \$350 is reported as an intergovernmental payable.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of 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, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.00602100%	0.02370920%	
Prior Measurement Date	<u>0.00610200%</u>	<u>0.02366860%</u>	
Change in Proportionate Share	<u>-0.00008100%</u>	<u>0.00004060%</u>	
Proportionate Share of the:			
Net OPEB Asset	(\$107,269)	\$0	(\$107,269)
Net OPEB Liability	0	251,204	251,204
OPEB Expense	(626,461)	33,547	(592,914)

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

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Changes of assumptions	\$52,734	\$138,776	\$191,510
Changes in proportion and differences between City contributions and proportionate share of contributions	12,764	44,090	56,854
City contributions subsequent to the measurement date	0	3,322	3,322
Total Deferred Outflows of Resources	<u>\$65,498</u>	<u>\$186,188</u>	<u>\$251,686</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$96,810	\$41,435	\$138,245
Changes of assumptions	173,808	40,046	213,854
Net difference between projected and actual earnings on OPEB plan investments	57,133	9,335	66,468
Changes in proportion and differences between City contributions and proportionate share of contributions	6,830	3,399	10,229
Total Deferred Inflows of Resources	<u>\$334,581</u>	<u>\$94,215</u>	<u>\$428,796</u>

\$3,322 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2022	(\$135,001)	\$20,059	(\$114,942)
2023	(102,524)	22,270	(80,254)
2024	(24,828)	18,784	(6,044)
2025	(6,730)	19,713	12,983
2026	0	4,096	4,096
Thereafter	0	3,729	3,729
Total	<u>(\$269,083)</u>	<u>\$88,651</u>	<u>(\$180,432)</u>

**Actuarial Assumptions – OPERS**

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

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

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate:	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

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

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
<b>Total</b>	<b>100.00 %</b>	<b>4.43 %</b>

**Discount Rate** A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB liability (asset)	(\$26,673)	(\$107,269)	(\$173,525)

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability (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 liability (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

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Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$109,883)	(\$107,269)	(\$104,344)

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

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented as follows:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	2.2 percent simple

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

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

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan (see Note 14).

**Discount Rate** For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

***Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate*** Net OPEB liability (asset) is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability (asset) calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$313,236	\$251,204	\$200,033

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

## **Note 16 – Contingencies**

### ***Grants***

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable; however, based on prior experiences, management believes such refunds, if any, would not be material.

## **Note 17 – Risk Management**

### ***Property and Liability***

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2021, the City's property and liability insurance carriers were Selective Insurance Company (Commercial Package), Hudson Insurance Company (Law Enforcement), and Hanover Insurance Group (Governmental Crime).

The City insured its property, including building and contents, up to \$12,371,706 with a \$500 deductible. In addition, the City carried insurance for commercial property coverage, commercial automobile, commercial umbrella coverage, public officials' liability (\$10,000 deductible), and law enforcement liability with limits of \$1,000,000 per claim/aggregate limit. In addition, the City's general liability and employee benefits liability was covered up to \$1,000,000 per claim with an aggregate limit of \$2,000,000. The City also carried inland marine insurance for scheduled equipment with a \$500 deductible and crime insurance covering employee theft per loss up to \$500,000 with a \$5,000 deductible. The umbrella liability has a \$6,000,000 limit per occurrence and an annual aggregate limit of \$6,000,000. The aggregate limit applies separately to each line of coverage and per location. There has not been a significant reduction in coverage from the prior year. Claims have not exceeded this commercial coverage in any of the past three years.

**City of Munroe Falls, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Workers' Compensation***

The City participates in the Ohio Association of Public Treasurers (OAPT) 2021 Worker's Compensation Group Rating program. The intent is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management by virtue of its grouping and representation with other participants. The workers' compensation experience rating of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the group. Each participant pays its workers' compensation premium to the State based on the rate for the OAPT group rather than its individual rate. Participation in the OAPT group is limited to cities that can meet the OAPT's selection criteria. Sedgwick, a third-party administrator, manages and processes the City's workers' compensation claims.

**Note 18 – Insurance Purchasing Pool**

The City participates in the County of Summit, Ohio Regionalization Program, which sponsors several health insurance, prescription drug, dental, vision, life and worksite programs, including an Employee Assistance Program (EAP). The County has created a group insurance pool for the purpose of creating a group rating plan for political subdivisions. NFP is the third-party administrator and insurance broker of the program.

The intent of the pool is to achieve a reduced rate for the City and other political subdivisions that are group members. The injury claim history of all participating members is used to calculate a common rate for the group. An annual administrative fee is paid to County which is incorporated into the premiums on a monthly basis. The County builds and manages the regional healthcare program using monthly rates charged to the political subdivision. These rates are developed with the assistance of the County's Consultants and Actuaries and approved through the County's Internal Risk Committee.

**Note 19 – Asset Retirement Obligations**

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City may be responsible to address any public safety issues associated with their lift stations, requiring the City to record an asset retirement obligation (ARO). There may be additional AROs related to public safety issues; however, these amounts are not reasonably estimable. Currently, there is significant uncertainty as to what items would need to be addressed; therefore, a reliable estimated amount could not be determined.

**Note 20 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

**City of Munroe Falls, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Eight Years (1) \**

	2021	2020
City's Proportion of the Net Pension Liability	0.00646500%	0.00655200%
City's Proportionate Share of the Net Pension Liability	\$957,326	\$1,295,047
City's Covered Payroll	\$910,629	\$921,850
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.13%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.00612000%	0.00563400%	0.00572400%	0.00615800%	0.00579400%	0.00579400%
\$1,676,145	\$883,867	\$1,299,823	\$1,066,644	\$698,821	\$683,037
\$826,079	\$744,554	\$739,917	\$767,736	\$710,308	\$678,300
202.90%	118.71%	175.67%	138.93%	98.38%	100.70%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

**City of Munroe Falls, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability/Asset*  
*Ohio Public Employees Retirement System - OPEB Plan*  
*Last Five Years (1) \**

	2021	2020
City's Proportion of the Net OPEB Liability/Asset	0.00602100%	0.00610200%
City's Proportionate Share of the:		
Net OPEB Liability	\$0	\$842,845
Net OPEB Asset	\$107,269	\$0
City's Covered Payroll	\$910,629	\$921,850
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-11.78%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.00569900%	0.00540000%	0.00554000%
\$743,015	\$586,399	\$559,559
\$0	\$0	\$0
\$826,079	\$765,329	\$764,942
89.94%	76.62%	73.15%
46.33%	54.14%	54.04%

**City of Munroe Falls, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Eight Years (1) \**

	2021	2020
City's Proportion of the Net Pension Liability	0.02370920%	0.02366860%
City's Proportionate Share of the Net Pension Liability	\$1,616,277	\$1,594,443
City's Covered Payroll	\$657,383	\$584,769
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	245.87%	272.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.02436100%	0.02319200%	0.02277800%	0.02080300%	0.01924640%	0.01924640%
\$1,988,503	\$1,423,397	\$1,442,735	\$1,338,271	\$997,044	\$937,360
\$581,786	\$571,084	\$461,829	\$495,035	\$407,370	\$432,746
341.79%	249.24%	312.40%	270.34%	244.75%	216.61%
63.07%	70.91%	68.36%	66.77%	71.71%	73.00%

**City of Munroe Falls, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of the Net OPEB Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Five Years (1) \**

	2021	2020
City's Proportion of the Net OPEB Liability	0.02370920%	0.02366860%
City's Proportionate Share of the Net OPEB Liability	\$251,204	\$233,793
City's Covered Payroll	\$657,383	\$584,769
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.21%	39.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.40%	47.08%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.02436100%	0.02319200%	0.02277800%
\$221,844	\$1,314,026	\$1,081,220
\$581,786	\$571,084	\$461,829
38.13%	230.09%	234.12%
46.57%	14.13%	15.96%

**City of Munroe Falls, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Nine Years (1)*

	2021	2020	2019	2018
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$133,724	\$127,488	\$129,059	\$115,651
Contributions in Relation to the Contractually Required Contribution	<u>(133,724)</u>	<u>(127,488)</u>	<u>(129,059)</u>	<u>(115,651)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$955,171	\$910,629	\$921,850	\$826,079
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability - OPEB Plan (3)</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll (2)	\$955,171	\$910,629	\$921,850	\$826,079
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Although this schedule is intended to show information for ten years, information prior to 2013 is not available. An additional column will be added each year.

(2) The OPEB plan includes the members from the traditional plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

(3) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013
\$96,792	\$88,790	\$92,128	\$85,237	\$88,179
(96,792)	(88,790)	(92,128)	(85,237)	(88,179)
\$0	\$0	\$0	\$0	\$0
\$744,554	\$739,917	\$767,736	\$710,308	\$678,300
13.00%	12.00%	12.00%	12.00%	13.00%
\$8,277	\$15,799			
(8,277)	(15,799)			
\$0	\$0			
\$765,329	\$764,942			
1.08%	2.07%			

**City of Munroe Falls, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	2021	2020	2019	2018
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$133,326	\$132,281	\$117,924	\$117,150
Contributions in Relation to the Contractually Required Contribution	(133,326)	(132,281)	(117,924)	(117,150)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll (1)	\$664,479	\$657,383	\$584,769	\$581,786
Pension Contributions as a Percentage of Covered Payroll	<u>20.06%</u>	<u>20.12%</u>	<u>20.17%</u>	<u>20.14%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$3,322	\$3,287	\$2,924	\$2,909
Contributions in Relation to the Contractually Required Contribution	(3,322)	(3,287)	(2,924)	(2,909)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>20.56%</u>	<u>20.62%</u>	<u>20.67%</u>	<u>20.64%</u>

(1) The City's covered payroll is the same for pension and OPEB.

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$115,157	\$93,139	\$97,801	\$80,545	\$73,076	\$66,710
(115,157)	(93,139)	(97,801)	(80,545)	(73,076)	(66,710)
\$0	\$0	\$0	\$0	\$0	\$0
\$571,084	\$461,829	\$495,035	\$407,370	\$432,746	\$477,808
20.16%	20.17%	19.76%	19.77%	16.89%	13.96%
\$2,855	\$2,309	\$2,475	\$2,036	\$15,651	\$32,252
(2,855)	(2,309)	(2,475)	(2,036)	(15,651)	(32,252)
\$0	\$0	\$0	\$0	\$0	\$0
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
20.66%	20.67%	20.26%	20.27%	20.51%	20.71%

**City of Munroe Falls, Ohio**  
*Notes to Required Supplementary Information*  
*For the Year Ended December 31, 2021*

**Changes in Assumptions – OPERS Pension – Traditional Plan**

Amounts reported beginning in 2019 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented as follows:

	2019	2018 and 2017	2016 and prior
Wage Inflation	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related COLA or Ad Hoc COLA for Post-January 7, 2013 Retirees are as follows:

COLA or Ad Hoc COLA, Post-January 7, 2013 Retirees:

2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**City of Munroe Falls, Ohio**  
*Notes to Required Supplementary Information*  
*For the Year Ended December 31, 2021*

**Changes in Assumptions – OPF Pension**

Amounts reported beginning in 2018 incorporate changes in assumptions used by OPF in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented as follows:

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

Amounts reported beginning in 2018 use valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

Amounts reported beginning in 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck/Conduent Modified 2016 Improvement Scale.

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

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

**City of Munroe Falls, Ohio**  
*Notes to Required Supplementary Information*  
*For the Year Ended December 31, 2021*

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**Changes in Assumptions – OPERS OPEB**

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

**Changes in Assumptions – OPF OPEB**

Blended Discount Rate:	
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

**Changes in Benefit Terms – OPERS OPEB**

On January 15, 2020, 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 2021.

**Changes in Benefit Terms – OPF OPEB**

For 2019, OPF recognized a change in benefit terms. Under this new model, OPF provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements. This new model replaced the self-insured health care plan used in prior years.