

**OHIO AUDITOR OF STATE
KEITH FABER**



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

**General Purpose External Financial Statements
For the Year Ended December 31, 2023**

Local Government Services Section

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City of Munroe Falls, Ohio
General Purpose External Financial Statements
For the Year Ended December 31, 2023
Table of Contents

	<u>Page</u>
Accountant’s Compilation Report	3
Management’s Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund	22
Road and Bridge Fund.....	23
Police Levy Fund.....	24
Emergency Medical Services (EMS) Special Levy Fund	25
Statement of Fund Net Position – Enterprise Fund	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Fund	27
Statement of Cash Flows – Enterprise Fund	28
Notes to the Basic Financial Statements	30

City of Munroe Falls, Ohio
General Purpose External Financial Statements
For the Year Ended December 31, 2023
Table of Contents (continued)

	<u>Page</u>
Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability – Ohio Public Employees Retirement System – Traditional Plan – Last Ten Years.....	78
Schedule of the City’s Proportionate Share of the Net OPEB Liability/Asset – Ohio Public Employees Retirement System – OPEB Plan – Last Seven Years	80
Schedule of the City’s Proportionate Share of the Net Pension Liability – Ohio Police and Fire Pension Fund – Last Ten Years.....	82
Schedule of the City’s Proportionate Share of the Net OPEB Liability – Ohio Police and Fire Pension Fund – Last Seven Years	84
Schedule of the City’s Contributions – Ohio Public Employees Retirement System – Last Ten Years	86
Schedule of the City’s Contributions – Ohio Police and Fire Pension Fund – Last Ten Years.....	88
Notes to the Required Supplementary Information	90

OHIO AUDITOR OF STATE KEITH FABER



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City of Munroe Falls
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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, 2023, 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, 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

June 28, 2024

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City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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, 2023. 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 2023 are:

- In total, net position increased by \$1,938,933. Net position of governmental activities increased by \$1,290,349, which represents a 14.69 percent increase over 2022. Net position of business-type activity increased by \$648,584 or a 15.48 percent increase over 2022.
- Program specific revenues in the form of charges for services and operating assessments, operating grants and contributions and capital grants and contributions accounted for \$1,439,970 or 24.67 percent of total revenues of \$5,836,479. General revenues accounted for \$4,396,509 in revenue, or 75.33 percent of all revenues.
- During 2023, the general fund had \$3,110,300 in revenues and sale of capital assets and \$2,492,760 in expenditures and transfers out, realizing an increase in fund balance of \$617,540.
- Total long-term liabilities increased by \$1,429,387 during 2023 due to changes in the net pension/OPEB liabilities and the City issuing new governmental and business-type financed purchases and a business-type activity Ohio Water Development Authority (OWDA) loan.

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.

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 2023?" 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.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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, police levy, EMS special levy, capital 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.

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.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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 2023 compared to 2022.

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and Other Assets	\$7,814,016	\$7,418,852	\$2,023,366	\$1,858,944	\$9,837,382	\$9,277,796
Leases Receivable	223,047	240,834	0	0	223,047	240,834
Net OPEB Asset	0	141,965	0	49,879	0	191,844
Capital Assets, Net	8,204,104	7,749,355	4,128,894	3,727,967	12,332,998	11,477,322
<i>Total Assets</i>	<u>16,241,167</u>	<u>15,551,006</u>	<u>6,152,260</u>	<u>5,636,790</u>	<u>22,393,427</u>	<u>21,187,796</u>
Deferred Outflows of Resources						
Pension	1,746,088	1,403,418	266,146	137,412	1,976,391	1,446,444
OPEB	282,145	314,671	36,184	9,572	315,532	294,651
<i>Total Deferred Outflows of Resources</i>	<u>2,028,233</u>	<u>1,718,089</u>	<u>302,330</u>	<u>146,984</u>	<u>2,291,923</u>	<u>1,741,095</u>
Liabilities						
Current and Other Liabilities	387,033	884,309	29,807	344,293	416,840	1,228,602
Long-Term Liabilities:						
Due Within One Year	468,489	418,312	151,708	107,784	620,197	526,096
Due in More than One Year:						
Net Pension Liability	3,684,630	2,533,935	556,623	148,892	4,241,253	2,682,827
Net OPEB Liability	204,642	370,222	11,066	0	215,708	370,222
Other Amounts	1,104,614	1,337,045	863,572	699,767	1,968,186	2,036,812
<i>Total Liabilities</i>	<u>5,849,408</u>	<u>5,543,823</u>	<u>1,612,776</u>	<u>1,300,736</u>	<u>7,462,184</u>	<u>6,844,559</u>
Deferred Inflows of Resources						
Property Taxes	1,181,510	1,158,788	0	0	1,181,510	1,158,788
Leases	223,047	240,834	0	0	223,047	240,834
Pension	674,327	1,257,895	0	217,501	638,484	1,381,010
OPEB	265,663	282,659	3,650	75,957	266,516	329,024
<i>Total Deferred Inflows of Resources</i>	<u>2,344,547</u>	<u>2,940,176</u>	<u>3,650</u>	<u>293,458</u>	<u>2,309,557</u>	<u>3,109,656</u>
Net Position						
Net Investment in Capital Assets	6,863,342	6,184,529	3,156,377	2,959,090	10,019,719	9,143,619
Restricted for:						
Capital Projects	91,543	19,678	0	0	91,543	19,678
Street Maintenance and Repair	1,029,507	970,487	0	0	1,029,507	970,487
Police Department	39,997	17,799	0	0	39,997	17,799
Fire Department	108,320	250,782	0	0	108,320	250,782
EMS	896,059	808,602	0	0	896,059	808,602
Restricted for OPEB	0	141,965	0	49,879	0	191,844
Other Purposes	46,386	8,222	0	0	46,386	8,222
Unrestricted	1,000,291	383,032	1,681,787	1,180,611	2,682,078	1,563,643
<i>Total Net Position</i>	<u>\$10,075,445</u>	<u>\$8,785,096</u>	<u>\$4,838,164</u>	<u>\$4,189,580</u>	<u>\$14,913,609</u>	<u>\$12,974,676</u>

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

The net pension liability (NPL) is the largest liability reported by the City at December 31, 2023. 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 mainly due to an increase in capital assets and deferred outflows related to the pension and OPEB plans. The increase in capital assets was due to governmental infrastructure additions and a water system improvement project. The increase in the deferred outflows was due to changes in assumptions for benefits, contribution rates, and return on investments.

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 2023 and 2022.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services and						
Operating Assessments	\$573,166	\$484,348	\$1,133,304	\$1,478,591	\$1,706,470	\$1,962,939
Operating Grants and Contributions	839,804	961,736	0	0	839,804	961,736
Capital Grants and Contributions	27,000	50,221	0	5,042	27,000	55,263
Total Program Revenues	1,439,970	1,496,305	1,133,304	1,483,633	2,573,274	2,979,938
General Revenues:						
Property Taxes	1,176,885	906,743	0	0	1,176,885	906,743
Income Tax	2,376,404	2,081,641	0	0	2,376,404	2,081,641
Permissive Motor Vehicle License Tax	28,266	24,485	0	0	28,266	24,485
Grants and Entitlements not						
Restricted to Specific Programs	219,858	213,459	0	0	219,858	213,459
Gain on Sale of Capital Asset	3,468	0	0	0	3,468	0
Investment Earnings/Interest	351,778	(82,496)	0	0	351,778	(82,496)
Other	239,850	121,359	0	0	239,850	121,359
Total General Revenues	4,396,509	3,265,191	0	0	4,396,509	3,265,191
Total Revenues	5,836,479	4,761,496	1,133,304	1,483,633	6,969,783	6,245,129
Program Expenses:						
General Government	1,031,017	874,832	0	0	1,031,017	874,832
Security of Persons and Property	2,756,309	2,504,598	0	0	2,756,309	2,504,598
Transportation	606,851	1,357,321	0	0	606,851	1,357,321
Public Health and Welfare	41,124	39,219	0	0	41,124	39,219
Leisure Time Activities	56,772	65,998	0	0	56,772	65,998
Interest	52,993	36,671	0	0	52,993	36,671
Water Operations	0	0	485,784	1,031,212	485,784	1,031,212
Total Program Expenses	4,545,066	4,878,639	485,784	1,031,212	5,030,850	5,909,851
Increase (Decrease) in Net Position						
before Transfers	1,291,413	(117,143)	647,520	452,421	1,938,933	335,278
Transfers	(1,064)	0	1,064	0	0	0
Change in Net Position	1,290,349	(117,143)	648,584	452,421	1,938,933	335,278
Net Position Beginning of Year	8,785,096	8,902,239	4,189,580	3,737,159	12,974,676	12,639,398
Net Position End of Year	\$10,075,445	\$8,785,096	\$4,838,164	\$4,189,580	\$14,913,609	\$12,974,676

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 continuing to return to normal following the COVID-19 pandemic and its impact on local businesses.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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 the prior year.

General government expenses include such services as planning, zoning, administration, finance, legal, legislature, and engineering. These expenses increased primarily due to higher City administrative expenses and a higher negative expense related to the net OPEB liability in the prior year.

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, 2023 was higher than the prior year, which was primarily due to the increase in the net pension liability and related expenses.

Transportation costs include street lighting, snow and ice removal, and street maintenance. These costs decreased from the prior year due to lower contractual services and materials and supplies costs.

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, 2023. The information provided is useful to determine the City's available balances. The City's total 2023 governmental fund balance increased from the prior year.

The most significant fund is the general fund. Overall, revenues increased in 2023 and were enough to cover expenditures, which increased over the prior year, causing an increase in fund balance.

The road and bridge, police levy, EMS special levy and capital special levy funds had increases in fund balance. The police fund, EMS special levy, and capital special levy fund revenues were higher than the prior year and the road and bridge fund's expenditures were lower than the prior year.

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 2023. Charges for services revenues and operational expenses decreased over the prior year.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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 lower than final budgeted revenues since the original estimated collections were conservative and subsequently increased based on more current projections. The City continued to maintain balances in the general fund by carefully monitoring expenditures and thus increasing unrestricted cash at year end. The variance from final budget to actual expenditures in general government was due to increased anticipated costs for materials, utility costs, contractual services, and delay in deliveries.

Capital Assets and Debt Administration

Capital Assets

Governmental activities saw an increase due to infrastructure additions related to road projects and the improvement of buildings. Some additional capital asset acquisitions included police vehicles and software, road equipment and vehicles, and EMS rescue equipment. The increase of business-type activity was due to additions in construction in progress related to waterline system improvements and acquisition of equipment. For additional information see Note 10 to the basic financial statements.

Debt Administration

During 2023, total debt obligations increased due to the new issuances of financed purchases for street and utility department equipment and additional disbursements to the OWDA water systems improvement loan.

The State Infrastructure Bank (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.

The OWDA water systems improvement loan from direct borrowing was borrowed for the purpose of upgrading the City's booster station and to hire engineering services to plan for the refurbishment of the City's booster station.

There are financed purchases for items including a wheel loader, a fire ladder truck, a dump truck, a waterline replacement project, a hydrovac, and a leafvac. During the year, the financed purchases were paid from the capital special levy, capital improvements, and the water enterprise funds.

For additional information, see Note 11 to the basic financial statements.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

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. The City is committed to purchasing needed police, fire, and service vehicles using current funding and aggressively seeking grant funds. During 2023, the police department obtained a grant for police training. The EMS/Fire department received a personnel retention grant to give first responders additional incentive pay for working during Covid. In addition, the Ohio EPA awarded a grant to purchase emergency generator equipment.

Over the past year, several capital improvements were made to the City complex and surrounding grounds thanks to the ARPA revenue replacement funding grant. During 2023 grant funds were used to replace aging capital items including the City Hall HVAC system, installation of sidewalks along Munroe Falls Avenue, paving of City parking lots, interior painting of City Hall, exterior painting of the Fire department garage, and full window replacement within the Safety building.

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 McMahan, Director of Finance, 43 Munroe Falls Ave., Munroe Falls, OH 44262, or send an email to kmcmahan@munroefalls.com.

City of Munroe Falls, Ohio
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activity	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,091,069	\$1,892,895	\$6,983,964
Materials and Supplies Inventory	33,297	0	33,297
Accrued Interest Receivable	10,630	0	10,630
Accounts Receivable	273,553	126,726	400,279
Special Assessments Receivable	21,447	0	21,447
Intergovernmental Receivable	377,649	0	377,649
Prepaid Items	9,094	3,745	12,839
Income Taxes Receivable	1,226,564	0	1,226,564
Property Taxes Receivable	768,790	0	768,790
Permissive Motor License Tax Receivable	1,923	0	1,923
Leases Receivable	223,047	0	223,047
Nondepreciable Capital Assets	1,582,683	775,540	2,358,223
Depreciable Capital Assets, Net	6,621,421	3,353,354	9,974,775
<i>Total Assets</i>	<u>16,241,167</u>	<u>6,152,260</u>	<u>22,393,427</u>
Deferred Outflows of Resources			
Pension	1,746,088	266,146	1,976,391
OPEB	282,145	36,184	315,532
<i>Total Deferred Outflows of Resources</i>	<u>2,028,233</u>	<u>302,330</u>	<u>2,291,923</u>
Liabilities			
Accounts Payable	23,565	2,677	26,242
Deposits Held Payable	21,888	0	21,888
Contracts Payable	60,309	0	60,309
Accrued Wages	72,939	11,054	83,993
Intergovernmental Payable	53,382	13,345	66,727
Accrued Interest Payable	15,243	2,731	17,974
Matured Compensated Absences Payable	5,466	0	5,466
Unearned Revenue	134,241	0	134,241
Long-Term Liabilities:			
Due Within One Year	468,489	151,708	620,197
Due in More Than One Year:			
Net Pension Liability (See Note 13)	3,684,630	556,623	4,241,253
Net OPEB Liability (See Note 14)	204,642	11,066	215,708
Other Amounts Due in More Than One Year	1,104,614	863,572	1,968,186
<i>Total Liabilities</i>	<u>5,849,408</u>	<u>1,612,776</u>	<u>7,462,184</u>
Deferred Inflows of Resources			
Property Taxes	1,181,510	0	1,181,510
Leases	223,047	0	223,047
Pension	674,327	0	638,484
OPEB	265,663	3,650	266,516
<i>Total Deferred Inflows of Resources</i>	<u>2,344,547</u>	<u>3,650</u>	<u>2,309,557</u>
Net Position			
Net Investment in Capital Assets	6,863,342	3,156,377	10,019,719
Restricted for:			
Capital Projects	91,543	0	91,543
Street Maintenance and Repair	1,029,507	0	1,029,507
Police Department	39,997	0	39,997
Fire Department	108,320	0	108,320
EMS	896,059	0	896,059
Other Purposes	46,386	0	46,386
Unrestricted	1,000,291	1,681,787	2,682,078
<i>Total Net Position</i>	<u>\$10,075,445</u>	<u>\$4,838,164</u>	<u>\$14,913,609</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, 2023

	Program Revenues			
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$1,031,017	\$202,216	\$417,940	\$0
Security of Persons and Property	2,756,309	294,278	164,938	0
Transportation	606,851	27,743	256,540	0
Public Health and Welfare	41,124	40,654	171	0
Leisure Time Activities	56,772	8,275	215	27,000
Interest	52,993	0	0	0
<i>Total Governmental Activities</i>	4,545,066	573,166	839,804	27,000
Business-Type Activity:				
Water	485,784	1,133,304	0	0
<i>Total</i>	<u>\$5,030,850</u>	<u>\$1,706,470</u>	<u>\$839,804</u>	<u>\$27,000</u>

General Revenues

Property Taxes Levied for:

Street Maintenance and Repair

Police Department

Fire Department

EMS

Capital Outlay

Income Tax Levied for:

General Purposes

Capital Outlay

Permissive Motor Vehicle License Tax

Grants and Entitlements not Restricted to Specific Programs

Gain on Sale of Capital Assets

Investment Earnings/Interest

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
(\$410,861)	\$0	(\$410,861)
(2,297,093)	0	(2,297,093)
(322,568)	0	(322,568)
(299)	0	(299)
(21,282)	0	(21,282)
(52,993)	0	(52,993)
(3,105,096)	0	(3,105,096)
<u>0</u>	<u>647,520</u>	<u>647,520</u>
<u>(3,105,096)</u>	<u>647,520</u>	<u>(2,457,576)</u>
222,580	0	222,580
311,613	0	311,613
184,439	0	184,439
207,311	0	207,311
250,942	0	250,942
2,145,917	0	2,145,917
230,487	0	230,487
28,266	0	28,266
219,858	0	219,858
3,468	0	3,468
351,778	0	351,778
239,850	0	239,850
<u>4,396,509</u>	<u>0</u>	<u>4,396,509</u>
<u>(1,064)</u>	<u>1,064</u>	<u>0</u>
<u>4,395,445</u>	<u>1,064</u>	<u>4,396,509</u>
1,290,349	648,584	1,938,933
<u>8,785,096</u>	<u>4,189,580</u>	<u>12,974,676</u>
<u>\$10,075,445</u>	<u>\$4,838,164</u>	<u>\$14,913,609</u>

City of Munroe Falls, Ohio

*Balance Sheet
Governmental Funds
December 31, 2023*

	General	Road and Bridge	Police Levy	EMS Special Levy
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,231,084	\$378,266	\$130,739	\$759,501
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	25,984	0	0	0
Materials and Supplies Inventory	24,527	0	0	0
Accrued Interest Receivable	9,814	0	0	0
Accounts Receivable	70,665	0	0	173,821
Special Assessments Receivable	0	0	0	0
Permissive Motor Vehicle License Tax Receivable	0	0	0	0
Intergovernmental Receivable	91,679	64,545	42,159	15,065
Prepaid Items	7,384	0	971	359
Income Taxes Receivable	691,911	0	0	0
Property Taxes Receivable	0	228,130	319,382	212,619
Leases Receivable	223,047	0	0	0
<i>Total Assets</i>	<u>\$3,376,095</u>	<u>\$670,941</u>	<u>\$493,251</u>	<u>\$1,161,365</u>
Liabilities				
Accounts Payable	\$16,636	\$0	\$2,766	\$503
Deposits Held Payable from Restricted Assets	21,888	0	0	0
Contracts Payable	1,064	0	49,610	0
Accrued Wages	10,675	0	36,596	12,188
Intergovernmental Payable	22,324	0	21,406	3,132
Matured Compensated Absences Payable	5,466	0	0	0
Unearned Revenue	0	0	0	0
<i>Total Liabilities</i>	<u>78,053</u>	<u>0</u>	<u>110,378</u>	<u>15,823</u>
Deferred Inflows of Resources				
Property Taxes	0	219,937	307,912	203,984
Leases	223,047	0	0	0
Unavailable Revenue	395,588	72,738	14,933	180,074
<i>Total Deferred Inflows of Resources</i>	<u>618,635</u>	<u>292,675</u>	<u>322,845</u>	<u>384,058</u>
Fund Balances				
Nonspendable	36,007	0	971	359
Restricted	0	378,266	59,057	761,125
Committed	85,890	0	0	0
Assigned	207,668	0	0	0
Unassigned	2,349,842	0	0	0
<i>Total Fund Balances</i>	<u>2,679,407</u>	<u>378,266</u>	<u>60,028</u>	<u>761,484</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,376,095</u>	<u>\$670,941</u>	<u>\$493,251</u>	<u>\$1,161,365</u>

See accompanying notes to the basic financial statements

<u>Capital Special Levy</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$8,706	\$1,556,789	\$5,065,085
0	0	25,984
0	8,770	33,297
0	816	10,630
0	29,067	273,553
0	21,447	21,447
0	1,923	1,923
15,946	148,255	377,649
0	380	9,094
0	76,879	768,790
255,412	211,021	1,226,564
0	0	223,047
<u>\$280,064</u>	<u>\$2,055,347</u>	<u>\$8,037,063</u>
\$0	\$3,660	\$23,565
0	0	21,888
0	9,635	60,309
0	13,480	72,939
0	6,520	53,382
0	0	5,466
0	134,241	134,241
0	167,536	371,790
247,794	201,883	1,181,510
0	0	223,047
23,564	175,880	862,777
<u>271,358</u>	<u>377,763</u>	<u>2,267,334</u>
0	9,150	46,487
8,706	682,018	1,889,172
0	818,880	904,770
0	0	207,668
0	0	2,349,842
<u>8,706</u>	<u>1,510,048</u>	<u>5,397,939</u>
<u>\$280,064</u>	<u>\$2,055,347</u>	<u>\$8,037,063</u>

City of Munroe Falls, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2023*

Total Governmental Fund Balances		\$5,397,939
<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.		8,204,104
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	45,054	
Income Taxes	373,556	
Intergovernmental	258,908	
Fines, Forfeitures, and Settlements	28,885	
Charges for Services	156,374	
Total	862,777	862,777
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(15,243)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
State Infrastructure Bank Loan	(623,387)	
Financed Purchases	(672,610)	
Compensated Absences	(232,341)	
Subscription Liability	(44,765)	
Total	(1,573,103)	(1,573,103)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred outflows/inflows are not reported in governmental funds:		
Deferred Outflows - Pension	1,746,088	
Deferred Outflows - OPEB	282,145	
Net Pension Liability	(3,684,630)	
Net OPEB Liability	(204,642)	
Deferred Inflows - Pension	(674,327)	
Deferred Inflows - OPEB	(265,663)	
Total	(2,801,029)	(2,801,029)
<i>Net Position of Governmental Activities</i>		\$10,075,445

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, 2023

	<u>General</u>	<u>Road and Bridge</u>	<u>Police Levy</u>	<u>EMS Special Levy</u>
Revenues				
Property Taxes	\$0	\$221,529	\$310,141	\$205,508
Income Taxes	2,124,102	0	0	0
Permissive Motor Vehicle License Tax	0	0	0	0
Special Assessments	0	0	0	0
Intergovernmental	247,671	4,974	91,121	46,029
Investment Earnings/Interest	342,481	0	0	0
Fines, Forfeitures, and Settlements	0	0	0	0
Licenses and Permits	194,636	0	0	0
Charges for Services	669	0	0	244,742
Rentals	17,733	0	0	0
Lease Revenue	17,787	0	0	0
Contributions and Donations	5,715	0	1,025	0
Other	112,792	123,671	3,387	0
<i>Total Revenues</i>	<u>3,063,586</u>	<u>350,174</u>	<u>405,674</u>	<u>496,279</u>
Expenditures				
Current:				
General Government	945,670	3,247	2,192	3,037
Security of Persons and Property	110,496	0	1,554,889	440,926
Transportation	161,444	66,884	0	0
Public Health and Welfare	41,124	0	0	0
Leisure Time Activities	47,026	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	144,586	0	0
Interest	0	21,963	0	0
<i>Total Expenditures</i>	<u>1,305,760</u>	<u>236,680</u>	<u>1,557,081</u>	<u>443,963</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,757,826</u>	<u>113,494</u>	<u>(1,151,407)</u>	<u>52,316</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	46,714	0	0	7,600
Financed Purchase Issued	0	0	0	0
Inception of SBITA	0	0	44,765	0
Transfers In	0	0	1,160,000	0
Transfers Out	(1,187,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,140,286)</u>	<u>0</u>	<u>1,204,765</u>	<u>7,600</u>
<i>Net Change in Fund Balances</i>	617,540	113,494	53,358	59,916
<i>Fund Balances Beginning of Year</i>	<u>2,061,867</u>	<u>264,772</u>	<u>6,670</u>	<u>701,568</u>
<i>Fund Balances End of Year</i>	<u>\$2,679,407</u>	<u>\$378,266</u>	<u>\$60,028</u>	<u>\$761,484</u>

(continued)

City of Munroe Falls, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds (continued)
For the Year Ended December 31, 2023

	Capital Special Levy	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$243,324	\$181,330	\$1,161,832
Income Taxes	0	226,892	2,350,994
Permissive Motor Vehicle License Tax	0	28,266	28,266
Special Assessments	0	43,314	43,314
Intergovernmental	5,662	771,218	1,166,675
Investment Earnings/Interest	0	9,297	351,778
Fines, Forfeitures, and Settlements	0	7,874	7,874
Licenses and Permits	0	0	194,636
Charges for Services	0	0	245,411
Rentals	0	0	17,733
Lease Revenue	0	0	17,787
Contributions and Donations	0	3,890	10,630
Other	0	0	239,850
<i>Total Revenues</i>	<u>248,986</u>	<u>1,272,081</u>	<u>5,836,780</u>
Expenditures			
Current:			
General Government	3,508	302,632	1,260,286
Security of Persons and Property	0	288,545	2,394,856
Transportation	0	305,645	533,973
Public Health and Welfare	0	0	41,124
Leisure Time Activities	0	0	47,026
Capital Outlay	30,000	433,285	463,285
Debt Service:			
Principal Retirement	171,643	52,394	368,623
Interest	35,129	1,472	58,564
<i>Total Expenditures</i>	<u>240,280</u>	<u>1,383,973</u>	<u>5,167,737</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,706</u>	<u>(111,892)</u>	<u>669,043</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	0	0	54,314
Financed Purchase Issued	0	99,794	99,794
Inception of SBITA	0	0	44,765
Transfers In	0	27,000	1,187,000
Transfers Out	0	0	(1,187,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>126,794</u>	<u>198,873</u>
<i>Net Change in Fund Balances</i>	8,706	14,902	867,916
<i>Fund Balances Beginning of Year</i>	<u>0</u>	<u>1,495,146</u>	<u>4,530,023</u>
<i>Fund Balances End of Year</i>	<u>\$8,706</u>	<u>\$1,510,048</u>	<u>\$5,397,939</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, 2023*

Net Change in Fund Balances - Total Governmental Funds \$867,916

Amounts reported for governmental activities in the statement of activities are different because:

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	928,546	
Current Year Depreciation	(422,951)	
Total		505,595

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. (50,846)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	15,053	
Income Taxes	25,410	
Intergovernmental	(90,643)	
Licenses and Permits	(10,647)	
Opioid Settlements	28,885	
Charges for Services	28,173	
Total		(3,769)

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position.

Financed Purchase Issued	(99,794)	
Inception of SBITA	(44,765)	
Total		(144,559)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 368,623

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. 5,571

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. (41,810)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	262,129	
OPEB	4,037	
Total		266,166

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	(486,586)	
OPEB	4,048	
Total		(482,538)

Change in Net Position of Governmental Activities \$1,290,349

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues				
Income Taxes	\$1,810,976	\$2,100,000	\$2,087,006	(\$12,994)
Intergovernmental	213,497	247,570	248,930	1,360
Interest	172,474	200,000	238,881	38,881
Licenses and Permits	167,731	194,500	148,527	(45,973)
Charges for Services	1,725	2,000	669	(1,331)
Leases and Rentals	21,559	25,000	17,733	(7,267)
Contributions and Donations	6,468	7,500	5,715	(1,785)
Other	83,650	97,000	112,792	15,792
<i>Total Revenues</i>	<u>2,478,080</u>	<u>2,873,570</u>	<u>2,860,253</u>	<u>(13,317)</u>
Expenditures				
Current:				
General Government	1,058,399	1,107,667	948,510	159,157
Security of Persons and Property	145,069	151,842	124,932	26,910
Transportation	218,136	229,107	167,077	62,030
Public Health and Welfare	38,057	40,000	39,130	870
Leisure Time Activities	56,336	59,172	48,030	11,142
<i>Total Expenditures</i>	<u>1,515,997</u>	<u>1,587,788</u>	<u>1,327,679</u>	<u>260,109</u>
<i>Excess of Revenues Over Expenditures</i>	<u>962,083</u>	<u>1,285,782</u>	<u>1,532,574</u>	<u>(273,426)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	28,888	33,500	46,714	13,214
Transfers Out	(1,159,091)	(1,218,000)	(1,197,000)	21,000
<i>Total Other Financing Sources (Uses)</i>	<u>(1,130,203)</u>	<u>(1,184,500)</u>	<u>(1,150,286)</u>	<u>34,214</u>
<i>Net Change in Fund Balance</i>	(168,120)	101,282	382,288	(239,212)
<i>Fund Balance Beginning of Year</i>	1,732,035	1,732,035	1,732,035	0
Prior Year Encumbrances Appropriated	115,788	115,788	115,788	0
<i>Fund Balance End of Year</i>	<u>\$1,679,703</u>	<u>\$1,949,105</u>	<u>\$2,230,111</u>	<u>(\$239,212)</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, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$141,086	\$219,503	\$221,529	\$2,026
Intergovernmental	4,499	7,000	4,974	(2,026)
Other	79,489	123,671	123,671	0
<i>Total Revenues</i>	<u>225,074</u>	<u>350,174</u>	<u>350,174</u>	<u>0</u>
Expenditures				
Current:				
General Government	3,800	3,800	3,247	553
Transportation	84,351	155,351	140,027	15,324
Debt Service:				
Principal Retirement	144,586	144,586	144,586	0
Interest	21,963	21,963	21,963	0
<i>Total Expenditures</i>	<u>254,700</u>	<u>325,700</u>	<u>309,823</u>	<u>15,877</u>
<i>Net Change in Fund Balance</i>	(29,626)	24,474	40,351	(15,877)
<i>Fund Balance Beginning of Year</i>	321,163	321,163	321,163	0
Prior Year Encumbrances Appropriated	700	700	700	0
<i>Fund Balance End of Year</i>	<u>\$292,237</u>	<u>\$346,337</u>	<u>\$362,214</u>	<u>(\$15,877)</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
Police Levy Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$252,445	\$309,704	\$310,141	\$437
Intergovernmental	43,120	52,900	52,425	(475)
Contributions and Donations	2,038	2,500	1,025	(1,475)
Other	0	0	3,387	3,387
<i>Total Revenues</i>	<u>297,603</u>	<u>365,104</u>	<u>366,978</u>	<u>1,874</u>
Expenditures				
Current:				
General Government	2,200	2,200	2,192	8
Security of Persons and Property	1,503,432	1,506,932	1,413,447	93,485
<i>Total Expenditures</i>	<u>1,505,632</u>	<u>1,509,132</u>	<u>1,415,639</u>	<u>93,493</u>
<i>Excess of Revenues Under Expenditures</i>	(1,208,029)	(1,144,028)	(1,048,661)	(91,619)
Other Financing Sources				
Transfers In	1,160,000	1,160,000	1,160,000	0
<i>Net Change in Fund Balance</i>	(48,029)	15,972	111,339	(91,619)
<i>Fund Deficit Beginning of Year</i>	(11,176)	(11,176)	(11,176)	0
Prior Year Encumbrances Appropriated	29,266	29,266	29,266	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$29,939)</u>	<u>\$34,062</u>	<u>\$129,429</u>	<u>(\$91,619)</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
EMS Special Levy Fund
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original Budget	Final Budget		
Revenues				
Property Taxes	\$165,826	\$204,911	\$205,508	\$597
Intergovernmental	56,648	70,000	60,660	(9,340)
Charges for Services	169,945	210,000	227,298	17,298
<i>Total Revenues</i>	<u>392,419</u>	<u>484,911</u>	<u>493,466</u>	<u>8,555</u>
Expenditures				
Current:				
General Government	2,899	3,100	3,037	63
Security of Persons and Property	453,279	484,178	433,440	50,738
<i>Total Expenditures</i>	<u>456,178</u>	<u>487,278</u>	<u>436,477</u>	<u>50,801</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(63,759)	(2,367)	56,989	59,356
Other Financing Sources				
Sale of Capital Assets	0	0	7,600	7,600
<i>Net Change in Fund Balance</i>	(63,759)	(2,367)	64,589	(42,246)
<i>Fund Balance Beginning of Year</i>	671,414	671,414	671,414	0
Prior Year Encumbrances Appropriated	7,839	7,839	7,839	0
<i>Fund Balance End of Year</i>	<u>\$615,494</u>	<u>\$676,886</u>	<u>\$743,842</u>	<u>(\$42,246)</u>

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Fund Net Position
Enterprise Fund
December 31, 2023

	Water
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,892,895
Accounts Receivable	126,726
Prepaid Items	3,745
<i>Total Current Assets</i>	<i>2,023,366</i>
<i>Non-Current Assets:</i>	
Nondepreciable Capital Assets	775,540
Depreciable Capital Assets, Net	3,353,354
<i>Total Non-Current Assets</i>	<i>4,128,894</i>
<i>Total Assets</i>	<i>6,152,260</i>
Deferred Outflows of Resources	
Pension	266,146
OPEB	36,184
<i>Total Deferred Outflows of Resources</i>	<i>302,330</i>
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	2,677
Accrued Wages	11,054
Intergovernmental Payable	13,345
Accrued Interest Payable	2,731
Compensated Absences Payable	9,915
General Obligation Bonds Payable	35,000
Financed Purchases Payable	106,793
<i>Total Current Liabilities</i>	<i>181,515</i>
<i>Long-Term Liabilities (net of current portion):</i>	
Compensated Absences Payable	28,353
General Obligation Bonds Payable	79,495
Financed Purchases Payable	152,492
OWDA Loan Payable	603,232
Net Pension Liability	556,623
Net OPEB Liability	11,066
<i>Total Long-Term Liabilities</i>	<i>1,431,261</i>
<i>Total Liabilities</i>	<i>1,612,776</i>
Deferred Inflows of Resources	
OPEB	3,650
Net Position	
Net Investment in Capital Assets	3,156,377
Unrestricted	1,681,787
<i>Total Net Position</i>	<i>\$4,838,164</i>

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, 2023*

	Water
Operating Revenues	
Charges for Services	\$1,133,304
Operating Expenses	
Personal Services	289,203
Contractual Services	45,559
Materials and Supplies	54,531
Depreciation	64,864
<i>Total Operating Expenses</i>	454,157
<i>Operating Income</i>	679,147
Non-Operating Expenses	
Interest	(16,911)
Loss on Disposal of Capital Assets	(14,716)
<i>Total Non-Operating Expenses</i>	(31,627)
<i>Income Before Capital Contributions</i>	647,520
Capital Contributions	1,064
<i>Change in Net Position</i>	648,584
<i>Net Position Beginning of Year</i>	4,189,580
<i>Net Position End of Year</i>	\$4,838,164

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, 2023

	Water
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,134,304
Cash Payments to Employees for Services	(353,554)
Cash Payments for Goods and Services	(327,526)
<i>Net Cash Provided by Operating Activities</i>	453,224
Cash Flows from Capital and Related Financing Activities	
OWDA Loan Issued	179,897
Financed Purchases Issued	166,809
Payments for Capital Acquisitions	(479,443)
Principal Paid on General Obligation Bonds	(35,000)
Principal Paid on Financed Purchases	(108,066)
Interest Paid on General Obligation Bonds	(6,350)
Interest Paid on Financed Purchases	(9,329)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(291,482)
<i>Net Increase in Cash and Cash Equivalents</i>	161,742
<i>Cash and Cash Equivalents Beginning of Year</i>	1,731,153
<i>Cash and Cash Equivalents End of Year</i>	\$1,892,895
	(continued)

City of Munroe Falls, Ohio
Statement of Cash Flows
Enterprise Fund (continued)
For the Year Ended December 31, 2023

	Water
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$679,147
Adjustments:	
Depreciation	64,864
(Increase) Decrease in Assets:	
Accounts Receivable	(1,000)
Prepaid Items	(3,680)
Decrease in Deferred Outflows:	
Pension	165,045
OPEB	28,974
Increase (Decrease) in Liabilities:	
Accounts Payable	(2,435)
Contracts Payable	(308,189)
Accrued Wages	1,676
Intergovernmental Payable	(6,089)
Compensated Absences Payable	5,408
Net Pension Liability	12,534
Net OPEB Liability	(581)
Decrease in Deferred Inflows:	
Pension	(116,083)
OPEB	(66,367)
 <i>Net Cash Provided by Operating Activities</i>	 <u><u>\$453,224</u></u>

Noncash Capital Financing Activities

At December 31, 2023 the water fund received a capital contribution from the general fund for \$1,064. This contribution was for the current water systems ongoing project.

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, 2023

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 17.

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, 2023

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.

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

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.

Capital Special Levy Fund The capital special levy capital projects fund accounts for and reports property tax collections restricted to support capital improvements in the City.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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: municipal income taxes; state-levied locally shared taxes (including gasoline tax and motor vehicle license fees); fines, forfeitures, and settlements; investment earnings and other interest; grants; and leases 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, represents 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 are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the government fund financial statements. The deferred inflow for leases is related to leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. 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, municipal income taxes, opioid settlements, intergovernmental grants, state-levied locally shared taxes (gasoline tax), 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 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 13 and 14).

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

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. Investment earnings in the pool is presented as "equity in pooled cash and cash equivalents".

During 2023, investments were limited to federal home loan bank bonds, federal home loan mortgage corporation bonds, federal national mortgage association bonds, federal farm credit bank bonds, private export funding corporation bonds, United States treasury securities, negotiable certificates of deposit, and STAR Ohio. Except for STAR Ohio, investments are reported at fair value which is based on quoted market prices.

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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2023 amounted to \$342,481 which includes \$224,212 assigned from other City funds.

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, 2023, 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.

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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 (except for intangible right-to-use subscription assets which are discussed below) 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 was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). 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
Intangible Right-to-Use - Software	5 years	N/A

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.

The City is reporting intangible right to use assets related to subscription assets. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Contributions of Capital

Contributions of capital in proprietary fund statements arise from contributions of capital assets from the capital projects governmental fund.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

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.

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

On the governmental fund financial statements compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. The amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

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. 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. Bonds, long-term loans, subscriptions payable, and financed purchases are recognized as a liability on the governmental fund financial statements when due.

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition have not been met because the amounts have not yet been earned. The City recognizes unearned revenue from grants received before the eligibility requirements are met.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

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 2024 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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 and amortization, 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 unclaimed monies and public health and welfare. 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.

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. 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.

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.

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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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.

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.

Leases and SBITAs

The City serves as lessor a noncancellable lease. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The City is reporting a Subscription-Based Information Technology Arrangement (SBITA) for a noncancellable IT software contract. At the commencement of the subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

Note 3 – Changes in Accounting Principles

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

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The City did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the City's 2023 financial statements. The City did not have any contracts that met the GASB 96 definition of a SBITA, other than short term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

For 2023, the City also implemented the guidance in GASB's Implementation Guide No. 2021-1, *Implementation Guidance Update—2021* (other than question 5.1).

Note 4 – 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).

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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	Police Levy	EMS Special Levy
GAAP Basis	\$617,540	\$113,494	\$53,358	\$59,916
Adjustment for Revenue Accruals	(126,608)	0	(83,461)	(2,813)
Beginning Fair Value Adjustment for Investments	(205,691)	0	0	0
Ending Fair Value Adjustment for Investments	128,966	0	0	0
Adjustment for Expenditure Accruals	34,109	(57,091)	142,752	23,145
Perspective Difference:				
Compensated Absences	4,005	0	0	0
Adjustment for Encumbrances	(70,033)	(16,052)	(1,310)	(15,659)
Budget Basis	<u>\$382,288</u>	<u>\$40,351</u>	<u>\$111,339</u>	<u>\$64,589</u>

Note 5 – 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	EMS Special Levy	Capital Special Levy	Other Governmental Funds	Total
<i>Nonspendable:</i>							
Materials and Supplies Inventory	\$24,527	\$0	\$0	\$0	\$0	\$8,770	\$33,297
Prepaid Items	7,384	0	971	359	0	380	9,094
Unclaimed Monies	4,096	0	0	0	0	0	4,096
Total Nonspendable	<u>\$36,007</u>	<u>\$0</u>	<u>\$971</u>	<u>\$359</u>	<u>\$0</u>	<u>\$9,150</u>	<u>\$46,487</u>

(continued)

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Fund Balances (continued)	General	Road and Bridge	Police Levy	EMS Special Levy	Capital Special Levy	Other Governmental Funds	Total
Restricted to:							
Capital Projects	\$0	\$0	\$0	\$0	\$8,706	\$21,034	\$29,740
Debt Service	0	0	0	0	0	4,133	4,133
Street Maintenance and Repair	0	378,266	0	0	0	515,497	893,763
Police Department	0	0	59,057	0	0	13,257	72,314
Fire Department	0	0	0	0	0	116,591	116,591
EMS	0	0	0	761,125	0	0	761,125
Other Purposes	0	0	0	0	0	11,506	11,506
Total Restricted	0	378,266	59,057	761,125	8,706	682,018	1,889,172
Committed to:							
Capital Projects	0	0	0	0	0	759,631	759,631
Other Purposes	0	0	0	0	0	59,249	59,249
Compensated Absences	85,890	0	0	0	0	0	85,890
Total Committed	85,890	0	0	0	0	818,880	904,770
Assigned to:							
2024 Appropriations	173,248	0	0	0	0	0	173,248
Purchases on Order	34,420	0	0	0	0	0	34,420
Total Assigned	207,668	0	0	0	0	0	207,668
Unassigned	2,349,842	0	0	0	0	0	2,349,842
Total Fund Balances	\$2,679,407	\$378,266	\$60,028	\$761,484	\$8,706	\$1,510,048	\$5,397,939

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:

Governmental Activities:	
General	\$70,033
Road and Bridge	16,052
Police Levy	1,310
EMS Special Levy	15,659
Other Governmental Funds	108,137
	211,191
Business-Type Activity:	
Water	25,924
Total	\$237,115

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 7 – Interfund Transactions

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.

Balances related to the internal proportionate share for pension at December 31, 2023, were as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Governmental Activities	\$0	\$35,843
Business-Type Activity	35,843	0
Total	\$35,843	\$35,843

Balances related to the internal proportionate share for OPEB at December 31, 2023, were as follows:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Governmental Activities	\$0	\$2,797
Business-Type Activity	2,797	0
Total	\$2,797	\$2,797

Interfund Transfers

Transfers from the general fund of \$1,187,000 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 \$1,160,000 and to finance capital improvements accounted for in the fire capital reserve fund in the amount of \$27,000, in accordance with budgetary authorizations, to provide additional resources for current operations.

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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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;
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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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."

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level Two Inputs:				
Federal Home Loan Bank Bonds	\$619,360	Less than four years	AA+	17.57%
Federal Home Loan Mortgage Corporation Bonds	229,799	Less than three years	AA+	6.52
Federal National Mortgage Association Bonds	212,142	Less than three years	AA+	6.02
Federal Farm Credit Bank Bonds	279,599	Less than four years	AA+	7.93
Private Export Funding Corporation Bonds	185,866	Less than two years	N/A	5.27
United States Treasury Securities	368,136	Less than four years	Aaa (Moody's)	10.44
Negotiable Certificates of Deposit	570,884	Less than three years	N/A	16.20
Net Asset Value (NAV) Per Share:				
STAR Ohio	1,058,920	46.4 days	AAAm	N/A
Total Investments	<u>\$3,524,706</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, 2023. 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).

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization. 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, 2023, consisted primarily of investment earnings and other interest, accounts, special assessments for street lighting, intergovernmental receivables arising from grants, entitlements, and shared revenues, municipal income taxes, property taxes, and leases. All receivables are deemed collectible in full. All receivables except property taxes, municipal income taxes, accounts receivable for opioid settlements, leases, and special assessments are expected to be collected within one year. Property and municipal income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected within one year amounts to \$21,447 in the special assessment improvement fund, of which none was delinquent as of December 31, 2023.

OneOhio Opioid Settlement Monies

During 2021, Ohio reached an agreement with the three largest distributors of opioids. Subsequently, settlements have been reached with other distributors. As contingencies related to timing and measurement are resolved, a receivable will be reported in accompanying financial statements as a part of accounts receivable. As a participating subdivision, the City reported \$29,067 as an accounts receivable related to opioid settlement monies in the OneOhio special revenue fund in the accompanying financial statements. Collections of these settlement monies are expected to extend through 2038 with \$3,301 expected to be collected in 2024.

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.

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 amounts may be allocated depending on the necessity for capital purchases.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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. 2021 public utility property taxes, which became a lien December 31, 2022, are levied after October 1, 2023, and collected in 2024 with real property taxes.

The tax rate for all City operations for the year ended December 31, 2023, was \$9.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$135,716,720
Public Utility	2,060,700
Total Valuation	<u>\$137,777,420</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, 2023, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2024 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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
Gas Tax Distribution	\$145,911
Local Government	90,406
Summit County Refund	62,071
Homestead and Rollback	39,293
Stow-Munroe Falls City School District	26,500
State of Ohio Department of Justice Grant	12,196
City of Stow	1,272
Total	<u><u>\$377,649</u></u>

Leases Receivable

The City is reporting leases receivable of \$223,047 in the general fund. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For 2023, the City recognized lease revenue of \$17,787 and interest revenue of \$6,769 in the general fund related to lease payments received. These lease revenue amounts exclude short-term leases. The City has entered into a lease agreement for a cell tower with Crown Castle LLC from 2002 to 3032 (30 years), which is paid to the City on an annual basis.

A summary of future lease amounts receivable is as follows:

Year	Principal	Interest
2024	\$19,023	\$6,269
2025	20,317	5,735
2026	21,669	5,164
2027	23,084	4,554
2028	24,561	3,906
2029-2032	<u>114,393</u>	<u>8,275</u>
Total	<u><u>\$223,047</u></u>	<u><u>\$33,903</u></u>

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 10 – Capital Assets

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

	Adjusted Balance 12/31/2022	Additions	Deductions	Transfers	Balance 12/31/2023
Governmental Activities:					
<i>Capital Assets, not being depreciated</i>					
Land	\$1,452,041	\$0	\$0	\$0	\$1,452,041
Construction in Progress	146,060	181,851	(196,205)	(1,064)	130,642
Development in Progress	36,915	44,765	(81,680)	0	0
<i>Total Capital Assets, not being depreciated</i>	<u>1,635,016</u>	<u>226,616</u>	<u>(277,885)</u>	<u>(1,064)</u>	<u>1,582,683</u>
<i>Capital Assets, being depreciated</i>					
Land Improvements	344,227	0	(13,578)	0	330,649
Buildings and Improvements	3,932,445	358,231	(38,480)	0	4,252,196
Equipment	3,139,502	336,949	(265,647)	0	3,210,804
Infrastructure	4,034,739	204,019	0	0	4,238,758
<i>Capital Assets, being amortized</i>					
Subscription Software - Police Body Cameras	0	81,680	0	0	81,680
<i>Total Capital Assets, being depreciated and amortized</i>	<u>11,450,913</u>	<u>980,879</u>	<u>(317,705)</u>	<u>0</u>	<u>12,114,087</u>
<i>Less Accumulated Depreciation/Amortization:</i>					
<i>Depreciation</i>					
Land Improvements	(277,497)	(7,187)	12,855	0	(271,829)
Buildings and Improvements	(2,136,732)	(78,281)	32,428	0	(2,182,585)
Equipment	(2,070,788)	(144,406)	221,576	0	(1,993,618)
Infrastructure	(851,557)	(176,741)	0	0	(1,028,298)
<i>Amortization</i>					
Subscription Software - Police Body Cameras	0	(16,336)	0	0	(16,336)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(5,336,574)</u>	<u>(422,951) *</u>	<u>266,859</u>	<u>0</u>	<u>(5,492,666)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>6,114,339</u>	<u>557,928</u>	<u>(50,846)</u>	<u>0</u>	<u>6,621,421</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$7,749,355</u>	<u>\$784,544</u>	<u>(\$328,731)</u>	<u>(\$1,064)</u>	<u>\$8,204,104</u>

* Depreciation and amortization expense was charged to governmental activities as follows:

	Depreciation	Amortization	Total
General Government	\$54,034	\$0	\$54,034
Security of Persons and Property	119,605	16,336	\$135,941
Transportation	223,329	0	\$223,329
Leisure Time Activities	9,647	0	\$9,647
Total Depreciation Expense	<u>\$406,615</u>	<u>\$16,336</u>	<u>\$422,951</u>

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

	Balance 12/31/2022	Additions	Deductions	Transfers	Balance 12/31/2023
<i>Business-Type Activity:</i>					
<i>Capital Assets, not being depreciated</i>					
Land	\$22,573	\$0	\$0	\$0	\$22,573
Construction in Progress	554,550	197,353	0	1,064	752,967
<i>Total Capital Assets, not being depreciated</i>	<u>577,123</u>	<u>197,353</u>	<u>0</u>	<u>1,064</u>	<u>775,540</u>
<i>Capital Assets, being depreciated</i>					
Buildings and Improvements	1,183,922	282,090	(28,430)	0	1,437,582
Equipment	1,452,156	0	(98,735)	0	1,353,421
Infrastructure	3,947,222	0	0	0	3,947,222
<i>Total Capital Assets, being depreciated</i>	<u>6,583,300</u>	<u>282,090</u>	<u>(127,165)</u>	<u>0</u>	<u>6,738,225</u>
<i>Less Accumulated Depreciation:</i>					
Buildings and Improvements	(477,348)	(30,617)	13,714	0	(494,251)
Equipment	(817,133)	(34,247)	98,735	0	(752,645)
Infrastructure	(2,137,975)	0	0	0	(2,137,975)
<i>Total Accumulated Depreciation</i>	<u>(3,432,456)</u>	<u>(64,864)</u>	<u>112,449</u>	<u>0</u>	<u>(3,384,871)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>3,150,844</u>	<u>217,226</u>	<u>(14,716)</u>	<u>0</u>	<u>3,353,354</u>
<i>Business-Type Activity Capital Assets, Net</i>	<u><u>\$3,727,967</u></u>	<u><u>\$414,579</u></u>	<u><u>(\$14,716)</u></u>	<u><u>\$1,064</u></u>	<u><u>\$4,128,894</u></u>

Note 11 – 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
<i>Governmental Activities:</i>			
2018 State Infrastructure Bank Loan from Direct Borrowing	3.00%	\$1,100,000	July 20, 2027
Financed Purchases from Direct Borrowings:			
2020 Wheel Loader	3.2	125,000	October 15, 2024
2022 Ladder Truck	4.58	745,123	October 15, 2026
2023 3500 Dodge Dump Truck	5.19	99,794	September 6, 2026
<i>Business-Type Activity:</i>			
2011 Capital Asset Acquisition Serial Bonds	2.00 - 4.50	440,000	December 1, 2026
2022 Water Systems Improvements OWDA Loan	0.31	603,232	Unfinalized
Financed Purchases from Direct Borrowings:			
2015 Waterline Replacement Project	3.22	600,000	October 1, 2025
2023 HydroVac Trailer	5.19	70,000	August 25, 2025
2023 LeafVac	5.75	96,809	December 1, 2027

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

	Balance 12/31/2022	Issued	Retired	Balance 12/31/2023	Amounts Due In One Year
Governmental Activities:					
<i>State Infrastructure Bank Loan from</i>					
<i>Direct Borrowing:</i>					
2018 Various Roads Program Loan	\$767,973	\$0	(\$144,586)	\$623,387	\$148,956
<i>Financed Purchases from</i>					
<i>Direct Borrowings:</i>					
2020 Wheel Loader	51,730	0	(25,521)	26,209	26,209
2022 Ladder Truck	745,123	0	(171,643)	573,480	182,571
2023 3500 Dodge Dump Truck	0	99,794	(26,873)	72,921	23,088
Total Financed Purchases	796,853	99,794	(224,037)	672,610	231,868
<i>Other Long-Term Obligations:</i>					
Compensated Absences	190,531	118,369	(76,559)	232,341	87,665
Subscription Payable	0	44,765	0	44,765	0
Total Other Long-Term Obligations	190,531	163,134	(76,559)	277,106	87,665
Net Pension Liability:					
OPERS	423,769	875,018	0	1,298,787	0
OP&F	2,110,166	275,677	0	2,385,843	0
Total Net Pension Liability	2,533,935	1,150,695	0	3,684,630	0
Net OPEB Liability:					
OPERS	0	25,820	0	25,820	0
OP&F	370,222	0	(191,400)	178,822	0
Total Net OPEB Liability	370,222	25,820	0	204,642	0
Total Other Long-Term Obligations	3,094,688	1,339,649	(76,559)	4,166,378	87,665
Total Governmental Activities	\$4,659,514	\$1,439,443	(\$445,182)	\$5,462,375	\$468,489
Business-Type Activity:					
<i>General Obligation Bonds:</i>					
2011 Capital Asset Acquisition Bonds	\$145,000	\$0	(\$35,000)	\$110,000	\$35,000
Premium on Bonds	5,994	0	(1,499)	4,495	0
Total General Obligation Bonds	150,994	0	(36,499)	114,495	35,000
<i>OWDA Loan from Direct Borrowing:</i>					
2022 Water System Improvements	423,335	179,897	0	603,232	0
<i>Financed Purchases from</i>					
<i>Direct Borrowings:</i>					
2015 Waterline Replacement Project	200,542	0	(64,721)	135,821	66,824
2023 HydroVac Trailer	0	70,000	(24,570)	45,430	22,118
2023 LeafVac	0	96,809	(18,775)	78,034	17,851
Total Financed Purchases	200,542	166,809	(108,066)	259,285	106,793
<i>Other Long-Term Obligations:</i>					
Compensated Absences	32,680	13,651	(8,063)	38,268	9,915
Net Pension Liability - OPERS	148,892	407,731	0	556,623	0
Net OPEB Liability - OPERS	0	11,066	0	11,066	0
Total Other Long-Term Obligations	181,572	432,448	(8,063)	605,957	9,915
Total Business-Type Activity	\$956,443	\$779,154	(\$152,628)	\$1,582,969	\$151,708

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

On September 1, 2011, the City issued \$440,000 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 April 2015, the City entered into a financed purchase from direct borrowing for 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.

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, 2023 was \$623,387.

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.

In February 2020, the City entered into a financed purchase from direct borrowing for 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.

In September 2022, the City entered into a financed purchase from direct borrowing for a ladder truck through First State Bank. The amount of the lease was \$745,123, with an interest rate of 4.58 percent. Annual payments of principal and interest are to be made through October of 2026. Payments are to be paid out of the City's capital improvement fund.

During 2022, the City entered into a contractual agreement for a construction loan from the Ohio Water Development Authority (OWDA). The loan carries an interest rate of 0.31 percent. Under the terms of this agreement, the OWDA will reimburse, advance or directly pay the construction costs of approved projects. The OWDA will capitalize administrative costs and construction interest and then add them to the total amount of the final loan.

The City's outstanding OWDA loan from direct borrowing of \$603,232 related to business-type activity contains provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

A line of credit has been established with the OWDA in the amount of \$889,754 with an outstanding balance at December 31, 2023, of \$603,232 for a water system improvement. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the City will pay based on estimates.

OWDA loans grant neither security nor property interest to OWDA in any property of the City and do not pledge the general credit of the City. The City has pledged future water revenues net of expenditures to repay the OWDA loan. This loan is payable solely from net revenues. The purposes, terms and balances outstanding are identified in the preceding tables. The total principal and interest remaining to be paid on the loan has not finalized, as described previously.

On September 6, 2023, the City entered into two financed purchase from direct borrowings for a Dodge Dump truck and a HydroVac trailer, through Huntington Bank. The amount of the leases were \$99,794 and \$70,000, respectively, with an interest rate of 5.19 percent. Payments are paid out of the City's capital improvement fund and water fund.

During March 2023, the City entered into a financed purchase from direct borrowings for a LeafVac, through Huntington Bank. The amount of the lease was \$96,809, with an interest rate of 5.75 percent. Payments are paid out of the City's water fund.

The compensated absences liability will be paid out of the City's compensated absence and water funds. 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 13 and 14, respectively.

As of December 31, 2023, the City's overall legal debt margin was \$13,174,765 and the unvoted legal debt margin was \$6,285,894. Principal and interest requirements to retire the outstanding debt at December 31, 2023, are as follows:

	Governmental Activities				Business-Type Activity			
	State Infrastructure Bank Loan		Financed Purchases from Direct Borrowings		General Obligation Bonds		Financed Purchase from Direct Borrowing	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$148,956	\$17,593	\$231,868	\$28,626	\$35,000	\$4,950	\$106,793	\$10,602
2025	153,459	13,090	215,316	18,329	35,000	3,375	111,229	6,168
2026	158,097	8,452	225,426	8,218	40,000	1,800	20,039	2,117
2027	162,875	3,674	0	0	0	0	21,224	931
Totals	<u>\$623,387</u>	<u>\$42,809</u>	<u>\$672,610</u>	<u>\$55,173</u>	<u>\$110,000</u>	<u>\$10,125</u>	<u>\$259,285</u>	<u>\$19,818</u>

The City has an outstanding contract for use of a SBITA vendor's IT police body camera cloud software. The future subscription payments were discounted based on the City's incremental borrowing rate. This discount is being amortized using the interest method over the life of the subscription. The subscription will be paid from the police fund. A summary of the remaining principal and interest amounts for the subscription is as follows:

	Principal	Interest
2025	\$12,651	\$2,526
2026	15,636	1,728
2027	16,478	886
Totals	<u>\$44,765</u>	<u>\$5,140</u>

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 hired prior to July 1, 2023, may carry over a maximum of 200 hours of vacation hours from the prior year at their anniversary date. An employee hired after July 1, 2023, may carry over one-half of their previous year's accrual into the following year, and accumulate up to a maximum of 240 hours. 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. Employees hired after July 1, 2022, will be paid up to 960 hours of accrued sick leave at 25 percent not to exceed 240 hours.

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 2023, 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 \$783 up to \$2,350. Employees electing to participate in the City's health insurance contribute 15 percent of their monthly premium.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 456 and is considered an other employee benefit plan. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Note 13 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability 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 employees – 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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which 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 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*. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. 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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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 previously for additional information, including requirements for reduced and unreduced benefits):

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

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 amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. 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 and associated investment

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

	State and Local	
	Traditional	Combined
2023 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
 2023 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	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; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

For 2023, the City’s contractually required contribution was \$143,753 for the traditional plan, of this amount, \$15,479 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 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 previously 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, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

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

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

	Police	Firefighters
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	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 \$161,502 for 2023. Of this amount, \$20,800 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 for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. 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:			
Current Measurement Date	0.00628100%	0.02511670%	
Prior Measurement Date	0.00658200%	0.03377660%	
Change in Proportionate Share	-0.00030100%	-0.00865990%	
Proportionate Share of the:			
Net Pension Liability	\$1,855,410	\$2,385,943	\$4,241,353
Pension Expense	\$254,138	\$337,070	\$591,208

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

	OPERS		
	<u>Traditional Plan</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$61,629	\$35,787	\$97,416
Changes of assumptions	19,601	215,195	234,796
Net difference between projected and actual earnings on pension plan investments	528,850	347,349	876,199
Changes in proportion and differences between City contributions and proportionate share of contributions	4,153	458,572	462,725
City contributions subsequent to the measurement date	<u>143,753</u>	<u>161,502</u>	<u>305,255</u>
Total Deferred Outflows of Resources	<u><u>\$757,986</u></u>	<u><u>\$1,218,405</u></u>	<u><u>\$1,976,391</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$54,356	\$54,356
Changes of assumptions	0	46,523	46,523
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>31,783</u>	<u>505,822</u>	<u>537,605</u>
Total Deferred Inflows of Resources	<u><u>\$31,783</u></u>	<u><u>\$606,701</u></u>	<u><u>\$638,484</u></u>

\$305,255 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 in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS		
	<u>Traditional Plan</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$54,435	\$72,077	\$126,512
2025	113,282	140,822	254,104
2026	155,666	155,075	310,741
2027	259,067	170,431	429,498
2028	<u>0</u>	<u>(88,203)</u>	<u>(88,203)</u>
Total	<u><u>\$582,450</u></u>	<u><u>\$450,202</u></u>	<u><u>\$1,032,652</u></u>

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Actuarial Assumptions – OPERS

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

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

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized as follows:

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

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.9 percent) or one percentage point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability:			
OPERS Traditional Plan	\$2,779,343	\$1,855,410	\$1,086,864

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 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 per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

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

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds *	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	<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 in the previous table, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from 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 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$3,147,387	\$2,385,843	\$1,752,771

Note 14 – Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

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

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan, and beginning July 1, 2022, there was a 2 percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are expressed as a percentage of covered payroll. The City had no contractually required contribution or payables for 2023.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – 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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

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

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

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

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

The City's contractually required contribution to OP&F was \$4,037 for 2023. Of this amount, \$519 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 and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.00585000%	0.02511670%	
Prior Measurement Date	<u>0.00612500%</u>	<u>0.03377660%</u>	
Change in Proportionate Share	<u>-0.00027500%</u>	<u>-0.00865990%</u>	
Proportionate Share of the Net OPEB Liability	\$36,886	\$178,822	\$215,708
OPEB Expense	(\$67,932)	\$25,910	(\$42,022)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$10,671	\$10,671
Changes of assumptions	36,027	89,116	125,143
Net difference between projected and actual earnings on OPEB plan investments	73,256	15,338	88,594
Changes in proportion and differences between City contributions and proportionate share of contributions	602	86,485	87,087
City contributions subsequent to the measurement date	<u>0</u>	<u>4,037</u>	<u>4,037</u>
Total Deferred Outflows of Resources	<u>\$109,885</u>	<u>\$205,647</u>	<u>\$315,532</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$9,200	\$35,261	\$44,461
Changes of assumptions	2,965	146,264	149,229
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>176</u>	<u>72,650</u>	<u>72,826</u>
Total Deferred Inflows of Resources	<u>\$12,341</u>	<u>\$254,175</u>	<u>\$266,516</u>

\$4,037 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Year Ending December 31:	OPERS	OP&F	Total
2024	\$12,587	\$8,629	\$21,216
2025	26,724	9,634	36,358
2026	22,845	(6,318)	16,527
2027	35,388	(3,083)	32,305
2028	0	(13,641)	(13,641)
Thereafter	0	(47,786)	(47,786)
Total	<u>\$97,544</u>	<u>(\$52,565)</u>	<u>\$44,979</u>

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (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, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00%	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability (asset)	\$125,541	\$36,886	(\$36,270)

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

Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the 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	\$34,574	\$36,886	\$39,488

Actuarial Assumptions – OP&F

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended Discount Rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost-of-Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

The 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 13.

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

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$220,204	\$178,822	\$143,888

Note 15 – 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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 16 – 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 2023, 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 \$13,183,149 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.

Workers' Compensation

The City participates in the Ohio Association of Public Treasurers (OAPT) 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 17 – 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.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 18 – 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 ended in April 2023. The City will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Required Supplementary Information

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 Ten Years **

	2023	2022	2021
City's Proportion of the Net Pension Liability	0.00628100%	0.00658200%	0.00646500%
City's Proportionate Share of the Net Pension Liability	\$1,855,410	\$572,661	\$957,326
City's Covered Payroll	\$973,643	\$955,171	\$910,629
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.56%	59.95%	105.13%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%

* 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

2020	2019	2018	2017	2016	2015	2014
0.00655200%	0.00612000%	0.00563400%	0.00572400%	0.00615800%	0.00579400%	0.00579400%
\$1,295,047	\$1,676,145	\$883,867	\$1,299,823	\$1,066,644	\$698,821	\$683,037
\$921,850	\$826,079	\$744,554	\$739,917	\$767,736	\$710,308	\$678,300
140.48%	202.90%	118.71%	175.67%	138.93%	98.38%	100.70%
82.17%	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 Seven Years (1) **

	2023	2022	2021
City's Proportion of the Net OPEB Liability/Asset	0.00585000%	0.00612500%	0.00602100%
City's Proportionate Share of the:			
Net OPEB Liability	\$36,886	\$0	\$0
Net OPEB Asset	\$0	\$191,844	\$107,269
City's Covered Payroll	\$973,643	\$955,171	\$910,629
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	-20.08%	-11.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%

(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

2020	2019	2018	2017
0.00610200%	0.00569900%	0.00540000%	0.00554000%
\$842,845 \$0	\$743,015 \$0	\$586,399 \$0	\$559,559 \$0
\$921,850	\$826,079	\$765,329	\$764,942
91.43%	89.94%	76.62%	73.15%
47.80%	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 Ten Years **

	2023	2022	2021
City's Proportion of the Net Pension Liability	0.02511670%	0.03377660%	0.02370920%
City's Proportionate Share of the Net Pension Liability	\$2,385,743	\$2,110,166	\$1,616,277
City's Covered Payroll	\$720,669	\$664,479	\$657,383
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	331.05%	317.57%	245.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%

* 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

2020	2019	2018	2017	2016	2015	2014
0.02366860%	0.02436100%	0.02319200%	0.02277800%	0.02080300%	0.01924640%	0.01924640%
\$1,594,443	\$1,988,503	\$1,423,397	\$1,442,735	\$1,338,271	\$997,044	\$937,360
\$584,769	\$581,786	\$571,084	\$461,829	\$495,035	\$407,370	\$432,746
272.66%	341.79%	249.24%	312.40%	270.34%	244.75%	216.61%
69.89%	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 Seven Years (1) **

	2023	2022	2021
City's Proportion of the Net OPEB Liability	0.02511670%	0.03377660%	0.02370920%
City's Proportionate Share of the Net OPEB Liability	\$178,822	\$370,222	\$251,204
City's Covered Payroll	\$720,669	\$664,479	\$657,383
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.81%	55.72%	38.21%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.86%	46.90%	45.40%

(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

2020	2019	2018	2017
0.02366860%	0.02436100%	0.02319200%	0.02277800%
\$233,793	\$221,844	\$1,314,026	\$1,081,220
\$584,769	\$581,786	\$571,084	\$461,829
39.98%	38.13%	230.09%	234.12%
47.08%	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 Ten Years

	2023	2022	2021
Net Pension Liability - Traditional Plan			
Contractually Required Contribution	\$143,753	\$136,310	\$133,724
Contributions in Relation to the Contractually Required Contribution	<u>(143,753)</u>	<u>(136,310)</u>	<u>(133,724)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$1,026,807	\$973,643	\$955,171
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan (2)			
Contractually Required Contribution	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll (1)	\$1,026,807	\$973,643	\$955,171
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) 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.

(2) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
\$127,488	\$129,059	\$115,651	\$96,792	\$88,790	\$92,128	\$85,237
<u>(127,488)</u>	<u>(129,059)</u>	<u>(115,651)</u>	<u>(96,792)</u>	<u>(88,790)</u>	<u>(92,128)</u>	<u>(85,237)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$910,629	\$921,850	\$826,079	\$744,554	\$739,917	\$767,736	\$710,308
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>
\$0	\$0	\$0	\$8,277	\$15,799		
<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,277)</u>	<u>(15,799)</u>		
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>		
\$910,629	\$921,850	\$826,079	\$765,329	\$764,942		
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.08%</u>	<u>2.07%</u>		

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net Pension Liability			
Contractually Required Contribution	\$161,502	\$144,348	\$133,326
Contributions in Relation to the Contractually Required Contribution	<u>(161,502)</u>	<u>(144,348)</u>	<u>(133,326)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll (1)	\$807,213	\$720,669	\$664,479
Pension Contributions as a Percentage of Covered Payroll	<u>20.01%</u>	<u>20.03%</u>	<u>20.06%</u>
Net OPEB Liability			
Contractually Required Contribution	\$4,037	\$3,604	\$3,322
Contributions in Relation to the Contractually Required Contribution	<u>(4,037)</u>	<u>(3,604)</u>	<u>(3,322)</u>
Contribution Deficiency (Excess)	<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>
Total Contributions as a Percentage of Covered Payroll	<u>20.51%</u>	<u>20.53%</u>	<u>20.56%</u>

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
\$132,281	\$117,924	\$117,150	\$115,157	\$93,139	\$97,801	\$80,545
(132,281)	(117,924)	(117,150)	(115,157)	(93,139)	(97,801)	(80,545)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$657,383	\$584,769	\$581,786	\$571,084	\$461,829	\$495,035	\$407,370
20.12%	20.17%	20.14%	20.16%	20.17%	19.76%	19.77%
\$3,287	\$2,924	\$2,909	\$2,855	\$2,309	\$2,475	\$2,036
(3,287)	(2,924)	(2,909)	(2,855)	(2,309)	(2,475)	(2,036)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
20.62%	20.67%	20.64%	20.66%	20.67%	20.26%	20.27%

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2023

Changes in Assumptions – OPERS Pension– Traditional Plan

Amounts reported beginning in 2022 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:

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage 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	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

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

2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
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 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2023

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.

Changes in Assumptions – OPERS Pension – Combined Plan

	2022	2019 through 2021	2018
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 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	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual	Individual	Individual
	Entry Age	Entry Age	Entry Age

For 2022, 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

Changes in Assumptions – OP&F Pension

Amounts reported beginning in 2018 incorporate changes in assumptions used by OP&F 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	3.25 percent per annum, compounded annually, consisting of 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

Beginning in 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and forward.

Beginning in 2023, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2023

Beginning in 2023, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Beginning in 2023, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

Prior to 2023, 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

Prior to 2023, 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

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2023

Changes in Assumptions – OPERS OPEB

Wage Inflation:	
2023 and 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
2023 and 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
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 – OP&F OPEB

Blended Discount Rate:	
2023	4.27 percent
2022	2.84 percent
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

For 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for 2018 through 2021 to 7.5 percent for 2022 and 2023.

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2023

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 – OP&F OPEB

For 2019, OP&F recognized a change in benefit terms. Under this new model, OP&F 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.